

CANADA'S WEEKLY NEWSMAGAZINE

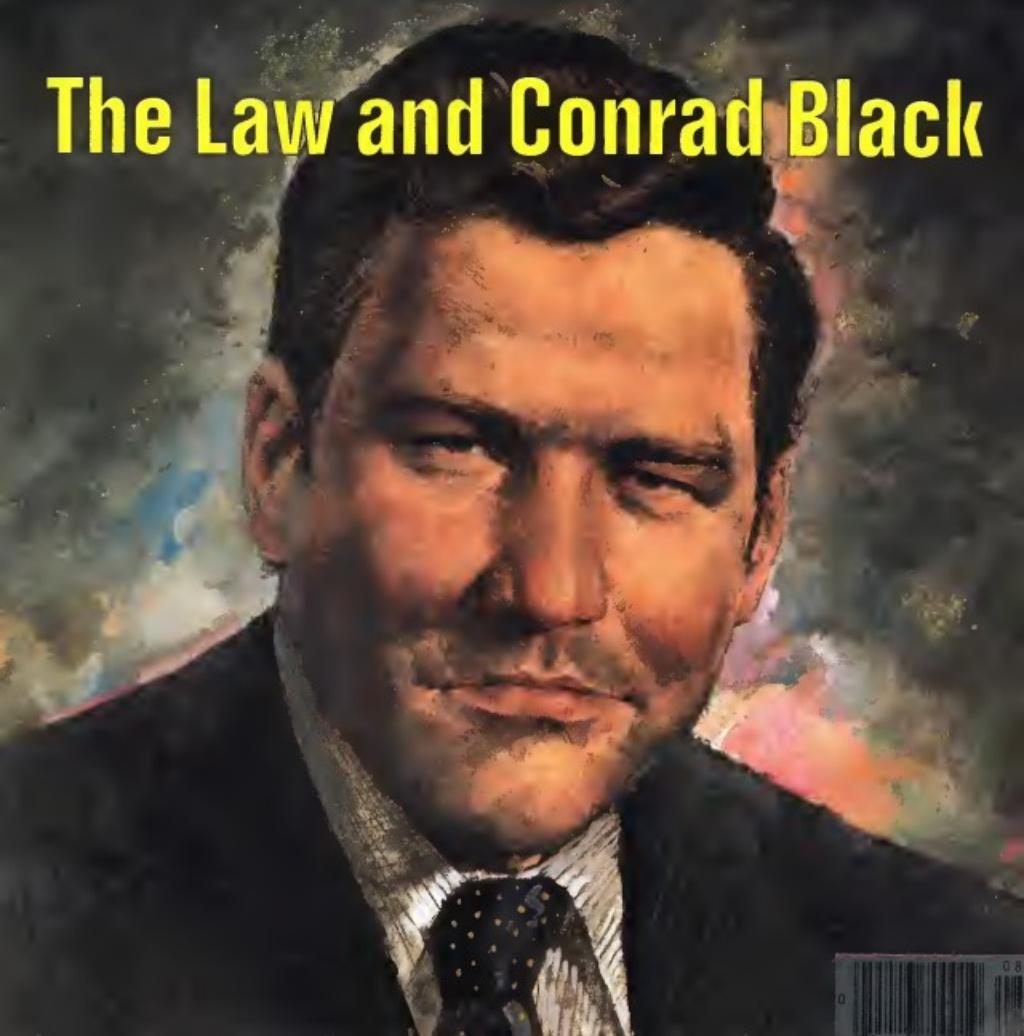
Maclean's

FEBRUARY 21, 1983

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SPECIAL REPORT

The Law and Conrad Black





CANADA'S WEEKLY NEWSMAGAZINE

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FEBRUARY 21, 1983 VOL. 60 NO. 8

COVER

The Law and Conrad Black

All is not well for Toronto financier Conrad Black. A bid by his company Norwest Energy Resources Ltd. to take over a U.S. mining giant led to a bitter court battle in Cleveland and a continuing police investigation in Canada. While Black strongly protests his innocence, the accusations are resounding through the corridors of power.

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Off to a head start

The New Democrats began a nationwide blitz last week to capitalize on the Tories' distress, the Liberals' popularity and much their flagging fortunes.

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Living dangerously

Part romance, part political melodrama, *The Year of Living Dangerously* features Linda Hunt's overwhelming performance as a Chinese-Australian dwarf.

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The fall of Ariel Sharon

Forced to resign over last year's Beirut massacre, Israel's hawkish defence minister, Ariel Sharon, may still be able to rekindle his political fortunes.

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End of a design debate

After a controversial competition, architects Moshe Safdie and Douglas Cardinal have been chosen to design a new National Gallery and Museum of Man.

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LETTERS

Unemployable?

In an open letter addressed to Prime Minister Pierre Trudeau (Lead Us or Leave, Prime Minister, Column, Jan. 30), Diane Cokes makes certain accusations that do not bear up under scrutiny. She points out that the prime minister remarked that the unemployed are in the "front ranks of a new leisure class." In the same issue, just over a story, Creating a New Economy, contains a statement by Arthur Cardell, economic adviser with the Science Council of Canada, in which he says that he foresees at least one million permanently unemployed Canadians as an inevitability. Will Cohen now take Cardell's task?

— EVELYN WOOD
Edmonton, Alta.

Regarding the quotation Cokes cites in her Jan. 30 column: It was "Where's Edna?" that Trudeau asked, not "Where's Bangladesh?" I recall we were referring to a silly question. Who has tried as hard as Trudeau to make us aware of the problems of the Third World? And regarding the much quoted, oft-repeated question: why do the farmers' wheat, why do his critics never give him very thoughtful answers?

— W.H. HAMPTON
Victoria

Out of the minds of babes

Your article about sex programs at the flick of a switch (A Hard Choice for Parents, Canada, Jan. 30) failed to mention what I consider should have been the greatest concern of all in the



One million jobless, a leisure class?

article—the impact on our youth. Was there not one adult group that said children should not have to be their own censor board? If we adults allow Playboy on our family television screens, then we are giving children that responsibility. We adults will go to ridiculous extremes—for instance, the "stop and search" law and its \$1,000 fine—to keep our parks clean for our children. Are we showing the same enthusiasm for keeping the garbage off our television screens? You had we parents today do not realize that it is in easier to get the dirt off our children's shoes than out of their brains.

—NANCY WEATHERHILL
Brantford, Ont.

Dan MacPherson's statement that nobody considers Playboy pornographic argument is erroneous. This particular nobody still recognizes exploitation, degradation and abuse, even if it is masked on glossy pages with stark photography and interspersed with articles designed to blur the consideration of pseudoscholarship, would-be swingers—

—GLENITA VAN NOTEN,
Guelph, Ont.

Bill Davis' position

The report that my colleague, Norman Atkins, and I advised the premier of Ontario to seek the national leadership of the national party pursuant to the vote in Winnipeg is without basis. In fact [After the "What's Cook," Pte. 7] Atkins was in Bensenville at the time, and I participated in no discussions of that measure. You may be aware that Bill Davis expressed support for Joe Clark on the evening pursuant to the vote in Winnipeg, and I am unaware of that position having been changed one iota since that time.

—ROBERT D. REED,
Toronto

PASSENGERS

APPENDIX: Lt.-Gen. Gerard Thériault, 50, chief of the defence staff, effective July 1. Thériault, a native of Quebec City, began his military career as a pilot with the Royal Canadian Air Force in 1961. He will succeed Gen. Ramsey Withers, 52, whose standard three-year term is up this year.

DEATH: James Hubert (Hubie) Blaik, jazz pianist and composer, at his home in Brooklyn, N.Y., five days after his 100th birthday. Composer of more than 1,000 songs, including *I'm Just Wild About Harry* and *Minnies of Yore*, Blaik was born in Baltimore and began his professional career at age 8. The 1925 Broadway musical *Madame* shortened his career. He was too frail to attend a massive musical birthday party in New York City last week but he listened to it over a special telephone hookup.

DEATH REVEALED: Alberto Vargas, 81, the magazine illustrator best known for his paintings of sensually draped women, first in *Esquire* in the 1930s and then in *Playboy* beginning in 1956. A *Playboy* spokesman announced last week that Vargas had died Dec. 30 of a heart attack in Los Angeles. Born in Peru, Vargas got his start drawing *Follies* girls for impresario Florenz Ziegfeld in the 1920s.

OBIT: Jim Amodeo, 68, the radio performer best known for his portrayal of Jack Armstrong, the All-American Boy in the 1950s, of cancer, on Feb. 4, in Tucson. Amodeo, a younger brother of film actor Don Amodeo, starred in numerous radio dramas on the *Woodbury Hollywood Playhouse* and the *Lux Radio Theatre* and was an announcer on *Amos 'n' Andy*.

OBIT: Alfred Wallenstein, 84, the "Wonder Boy" cellist of *Maestro* who went on to become a member of the New York Philharmonic under Arturo Toscanini, a pioneer of classical music on radio and the music director of the Los Angeles Philharmonic (1949-1960), is his Manhattan home. In his later years Wallenstein served as a guest conductor in the United States and Europe.

OBITUARY: William Aver, 45, the former head of Bensile Corp. who caused a furor two years ago by promoting Harvard Miss Mary Cunningham, 31, as a vice-president. From the position of president of Alford Corp. and chairman of Bensile, effective June 1, in New York City, Aver, who was married to Cunningham last year, lost Bensile to Alford last fall in a failed takeover bid.

Philosopher's stone unturned

Parallels to Allan Fotheringham's New Year's prediction about Marc Lalonde (*The Unfolding Universe* in '83, Column, Jan. 31), I think that Canadians should feel proud of Lalonde. As energy minister, he accomplished what centuries of alchemists have attempted (sort of) the turning of gold into lead. One wonders what range he will assume as finance minister.

—MICHAEL SCHNEIDER,
Peterborough, Que.

He also ran

Thank you for letting me remember what a wonderful person Peti is (Deaths, Jan. 17). Six years have passed since my visit, and I am greatly relieved to know that something is being done to prevent the "whores" working gratis. Hopefully, my children will have day care to see that for themselves.

—IAN HOLLAND,
Scarborough, Ont.

Balsky pine trees?

In his review of *Glossary* (Entertainment, Dec. 27), Berlin's most influential art commentator is said to have given a rather sour verdict following the opening of the exhibit. Why? He expressed in the *Telegraph* that he was

disappointed because he was looking forward "to a lonely, fresh and buoyant pine tree from Canada." Others lamented the fact that Indigenous artists were conspicuously absent from the exhibit. It is rather interesting to note what perspectives these gentlemen have of Canada!

—WALTER FEISSEL,
Victoria

Second World War. Our treatment of Japanese-Canadians is British Columbia was very similar. As a veteran, I feel compelled to bring my head in shame when I think of comrades like George Yivans Shiki who were classified as enemy aliens after fighting for Canada, the land of their birth, in the First World War. If a royal commission will consider this terrible wrong, let us get on with it immediately.

—DON GARDNER
Thunder Bay, Ont.

Transforming tough times

It is indeed heartening to read the dedication by the Catholic bishops on the application of social justice to our economic system (*The Shakes Start a Revolt*, Religion, Jan. 17). All of us are asked to participate by becoming involved in our communities, to change the situations ourselves, instead of waiting for the government or business to change it for us. As times get tougher, Canadians need such encouragement to understand and transform our society into a more caring one.

—AIDEN LAYTON,
Vancouver

Letters are edited and may be combined. Writers should supply name, address and telephone number. Mail correspondence to: Letters to the Editor, Maclean's magazine, 101 University Ave., Vancouver, B.C. V6E 1A7.



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Harvesting crude information



Abed with his partner, Setsi. There is some legitimacy to the claims of foul deeds in the oil patch.

By Gordon Legge

The bold, blue Prairie sky is clear. The air is still and quiet, except for the occasional scream of metal scraping against metal from an rig glorified as a front piece of hardware near Big Valley, Alta., the scene of a recent oil well blowout that has sent oil over 100 feet. The well is downed and a tank hole-in-it is left behind to contain personnel, and all information is confidential. Special precautions, such as a physical hearing around the testing site, have been taken to conceal the area from prying eyes.

The security measures are not inconsequential to Doug Abel, who also automated just a short distance away. He peers at the rig through a 20 x 50 power Bushnell spotting scope mounted on the dash window of a blue pickup truck. As he watches intently under the glare of the morning sun, his eyes catch the saddle-dam spill of a well liquid over the side of the narrow 10-m-high natural gas fare stack and to the rig. The overflow of oil gushes, filling the frosty air with the sweet smell of crude. Abel grimaces to himself and notes the convergence in his day long life base will be pleased.

32-year-old Abel, an oilfield expert, is paid to spy on oil rigs. He is

employed by A.J. Webb Bouting Consultants Ltd.—“The Boys of the Oil Patch”—one of a dozen scouting firms working in the province. His vocation includes him in the authorship of industrial espionage that is morally—and openly—practiced in Canada and around the world. Ever since Gulf Canada Resources Inc. became a prolific oil well at Barron, south of Big Valley, in August, 1982, the area has been alive with seants who keep tabs on the 25 or so rigs that have punched through the ground. There have been a couple of silver snub jobs since the Gulf discovery, but several dry holes were later drilled. As a result, the seant's information is of crucial importance. If it's a seant, his client will be spared the cost of drilling an exploratory well. The information will also provide a good indication as to whether the client's firm should get involved in the play, either as its own or in a joint venture. Notes Abel's boss, Art Webb

looking for more snubs, one of the snubbers said, “Seen any around?” Webb reached into his truck and patted out his rifle (kept as a protection against snarls) and replied, “We're looking for my bands. Seen any?” “No, we're too patient,” said the roughneck. “When you can't drink with me,” said Webb.

Few oilmen will deny that snubbing does occur in Big Valley and there are even rumors that the public telephone at the Big Valley Inn was bugged last fall. But most firms stay within the letter of the law. “I have an aversion to jail,” states Webb. Consequently, the 18 snouts covering the nation across Alberta for Webb's firm harvest their information by financing their binoculars on the rigs.

On Abel's recent oil rig assignment near Big Valley, his trained eye detected a problem the moment he saw the oil spilling over the fare stack. Underground pressure had caused an overflow at the separa-



Webb: Stories of crude justice

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riest, fitting some oil up the stack. If everything had gone right, the oil would have flowed unison into huge tanks sitting next to the rig. The incident was unfortunate for the driller, but an unexpected bonanza for Abel.

For the locals, the long hours of surveillance can be profitable. When the oil industry is active, a crew can earn \$300 to \$350 a day, occasionally working three to four weeks without a break. Still, although the industry is beginning to recover after an 18-month lull, a crew will not earn the \$80,000 this year that he made during the 1970s. Abel, who says he makes only about \$18,000 in a new year, was earning \$35,000 three years ago. Out of their income went crew expenses—lodging, food, gasoline and truck maintenance—which can be high in remote locations, sometimes accounting for as much as 30 per cent of a crew's earnings. And the hours are long and strenuous. The day Abel spotted the oil overflow, he and his dog, Sam, a two-year-old Australian Blue Heeler, had been keeping their vigil since 9 p.m. the night before. To protect their incomes from the vagaries of the oil business, many crews resort to supplementary endeavours. Abel, a 34-year-sea-going veteran, farms near Cartierville, 68 km north of Calgary.

Not only has the Big Valley Red meant a boom for oilmen, it has also lent a measure of prosperity to area residents. Big Valley, a thriving rural town of 2,000 in the 1960s, now has only 325 permanent citizens. An abandoned railway roundhouse, situated with big, arched windows in the town's former grain loading dock, now sits derelict, its roof off since the five pools established there decades ago.

Small armies of seismic crews巡邏 the snow-covered fields, strings of cable. While farmers collect hundreds of dollars for access to their fields, their sons go to work on the rigs. Business at the 11-room Big Valley Inn has doubled since last fall, forcing owner Pat Lula to postpone his winter holiday in the sun. Business is brisk and boisterous as well in the bar's bar. Tiffey, a petite, 28-year-old Texan woman who earns \$150 a week to reveal it all, finds the talk a bit tedious. "That's all I ever hear," she complains. "You can when I go to bed at night, or when I get up in the morning."

But oil isn't the only good life is met the ABC With A Grade II dropout, Welsh, who remains unaffected by his sorrows and has not changed since the day 15 years ago when he went to work with his fatherless, is now worth more than \$1 million. "The Oil Patch has been good to me," he says, dragging on a Gold sign. "It's like any other business. You get out of it what you put into it." □

COLUMN

How to make Marc Lalonde a hero

By Dian Cohen

That Canada's economy is in an appalling state is one thing that most of us would agree about. Finance Minister Marc Lalonde has an opportunity to right many of the economic wrongs created by the previous two budgets of his predecessor, Allan MacEachen. To this end, he has been travelling throughout the country, listening input for the new budget he is expected to bring down in mid-March. Although my opinion has not been solicited, my budget suggestion has three qualities to recommend them. First, they are steps that Lalonde can easily and painlessly take. Second, if enacted, my proposals will not worsen the current economic situation. And they have a 70 to 30 chance of conferring glory upon the federal government, a sacrifice I will gladly make for the good of the country.

What we all have to understand is that what Lalonde does or does not do next month will not make even the slightest bit of difference to world economic recovery. That is in the hands of the people who run the United States. Basically, what Lalonde must do is to gamble on U.S. ingenuity. In this he has little choice. The only real option he has is to avoid policies that will directly prevent Canada from sharing in the U.S. recovery.

Lalonde's first order of budget business is to lift the burdens imposed by MacEachen's budgetary decisions of June 28, 1982, and Nov. 13, 1983. There remain about a dozen items from the two failed budgets. The most economically debilitating of them deal with taxes paid by big and small businesses. For instance, the MacEachen budgets decreased an investment incentive called the Capital Cost Allowance, which allowed businesses accelerated写-offs on the costs of a variety of equipment purchases. This money was freed to be invested again. In addition, MacEachen imposed a further 12 percent tax on small businesses. If Lalonde will bring in legislation to offset MacEachen's budget, then the business community will likely be willing to compensate to help Lalonde save face.

Since budget-making is the art of the possible, Lalonde could score some winning points. After having his speech writer draft a short paragraph paying lavish tribute to his predecessor, he would then be free to soften the impact of MacEachen's damaging legacy. His in-

priority should be small business, which still bears the brunt of the economy and is responsible for most of the job creation—more than half of the new jobs in the private sector since 1980 have come from businesses with fewer than 25 employees. Since the darkest hours of a small business are in its first five years, investment losses are of paramount concern. After making an investment of \$50,000 or \$100,000, businessmen then sit and wait—and, as often as not, they go out of business. Lalonde could allow small businesses to write off their losses against earned incomes (the scheme is called a flow-through) for three or even five years and forward as well. He could also permit them to incorporate so that liability is limited and outside investors would be more willing to extend financing. Had such measures been in place last year, a good number of the estimated 80,000 bankruptcies of small businesses

"Lalonde's only real option is to avoid policies that will prevent Canada from sharing in the U.S. recovery"

would not have happened. Their owners would have balanced their 1981 and 1982 losses against their 1979-1980 profits with a general economic recovery starting in 1982 or 1983, they would have been able to keep their profits and would be in a strong position to return to stay in business and create jobs.

The finance minister need not stop at that. There are a few more things that he can do that will look good, cost relatively little and that will go far in convincing a skeptical business community that Ottawa is, at least, listening. He could, for example, prod his deputy, Mickey Cohen, to introduce Montreal Stock Exchange President Pierre Lorion's idea of a Regulated Shareholder Investment plan. Just as in a scheme where shareholders' capital gains would be partially protected from inflation, if a person makes a 10-per-cent capital gain and the yearly inflation rate is 30 per cent, then what would be taxable capital gain, Lalonde might also consider allying the research and development incentive—why not offer a straight 30-per-cent tax credit? This inexpensive measure would pay sick

dividends to Ottawa's dwindling stock of goodwill.

Looking ahead, Lalonde must be able to lead off New Democratic Party Leader Edward Broadbent, who will, inevitably, on the morning after the tabling of the budget, claim that those are nothing in the documents for labor. It has been rumored that the finance minister's blue-ribbon panel of economic consultants is recommending a dramatic stimulative infusion of money into the economy. They are apparently convinced that raising the budget deficit to \$5 billion, or even \$6 billion, would have no impact on the capital markets. But they are wrong. Even if all the economists in the world agreed that putting \$6 million to \$8 billion into the economy would not harm it, we must realize that the world is not run by economists who have an understanding of full employment budgets and six expenditures adjustments. It is run by politicians and bankers and other people around the world who would take one look at the deficit and immediately sell the Canadian dollar short. In order to prevent the collapse of the dollar, Bank of Canada Gov. Gerald Bouey, once again, would have to push up Canadian interest rates, and the Canadian economy would self-destruct. Even now, it is said that the International Monetary Fund has started a Canadian dollar collection, waiting for the moment when Ottawa has to borrow.

Decidedly, a \$4-billion injection of cash would be a grave error. But no, really, would object to an infusion of \$1 billion or even \$2 billion into some job creation program. The cash could be used to develop better health, creative and housing. Since we all know perfectly well that few people are going to be completely satisfied the morning after the budget, as matter what Lalonde does, let us at least hope that he leaves us no worse off than we are.

Essentially, the implementation of my proposals would cost relatively little, they contain something for both business and labor, and they do not alarmingly increase Canada's present record deficit of \$33.5 billion. Who knows? With a bit of flourishing rhetoric from the finance department writers, Marc Lalonde may be able yet to quiet his critics but actually to do something positive for his country.

Dian Cohen is a Montreal-based economist.



Broadbent in caucus; Robinson (below), capitalizing on an ailing aide

CANADA

The NDP jumps off to a head start

By Mary Jarigan

Until the Progressive Conservatives planned into their choices leadership crisis last month, the New Democrats constituted only a dispirited, sometimes ineffective band of 32 MPs in the House of Commons. Popular support for the party had plummeted from a heady 26 per cent of decided voters in February, 1982, to a dismal 30 per cent last month, according to the Gallup poll. The party lost an April provincial election that could have won in Saskatchewan and it captured just one of the two by-election contests it expected to take in October.

Now, however, New Democrats in Ottawa are displaying a new sense of confidence and commitment. And it is all because of the Tories. "Only two weeks ago we were terrified that we could not have half the caucus in a federal election," admits a senior strategist. "What the Conservative bunch really means is that now we can pass our message—and maybe a little bit better."

The NDP has been quick to exploit its

unexpected good fortune. Last week key caucus members fanned out across the nation in a two-week public relations campaign to convince Canadians that their party has become the real opposition. Although it is too soon to predict what effect the party's activities will have on its popularity standing, the prospect of a bitter Tory leadership fight has already reenergized the NDP. The party has at least gained a breathing space and at best it might force Conservative and Liberal parties split by divisive leadership struggles in the next federal election—a situation in which the NDP could move to occupy both the left and the centre of the political spectrum and expand its appeal. And, at a more mundane level, the money Conservative spend cloaking each



other will not be spent attacking the NDP.

Party strategists believe that the NDP is only partially responsible for its own problems. Because public opinion polls indicate that Canadians want to see the Liberals defeated, the NDP appears to be caught in the traditional third-party squeeze, with the electorate choosing to vote for the party that has the best chance of ousting an unpopular government. As long as the Conservatives could elude widespread suspicion in the polls and maintain a facade of unity, federal politics was reduced to a two-party race, and the NDP was sidelined. At the same time, party insiders feared that many voters had also rejected their economic prescriptions. Said NDP Leader Ed Broadbent, "Although we are saying that now is the time for the government to play a more direct role in the economy, my belief is that, because of terrible Liberal mismanagement, most people of Canada do not want more involvement by the state in the economy. Therefore, our message could be getting through, but a number of people simply don't like the message."

The party's lack began to change when a contingent of Canadian Forces troops kidnapped a powerful New Year's messenger that fuelled a new economic debate. Posing the slogan or "basic gospel principles," the kidnappers insisted that priority must be given to the "real victims of the current recession"—the unemployed and the disadvantaged. It was the traditional NDP line, prompting both the party and labour representatives to joke that God was on their side. "The kidnappers helped enormously to turn the tide of political reaction away from the right, away from the posturing of a Reagan society in the north," declared NDP federal secretary Gerry Caplan.

That stroke of good fortune was followed by Joe Clark's decision to hold a leadership convention two weeks ago. The New Democrats surveyed the resulting disarray in Parliament and put together a five-page strategy to present the message that a Liberal government is a bad government. The Conservatives "don't care about people—they are catering to the right-wing element"—and the size has "wreckable solutions" to the economic crisis. The party reasons that it can use the period leading up to the Conservative convention "to capitalize on the disarray in which the

Tories are now themselves."

The revitalized NDP attack has been carefully orchestrated. Such key caucus members as House Leader Ian Davis, trade critic Larry Nyström, job creation critic Jim Waller and pressurist chief Rod Murphy took part in briefings before flights from Cape Breton to Victoria last week with attacks on the Liberals and the Tories. They also put forward economic solutions for regional problems and reminded insiders that the NDP is the only party to oppose testing of the cruise missile in Alberta and Saskatchewan—another issue that has come to life in the past few weeks. For his part, Broadbent refrained from strident partisan attacks and travelled instead to northern Ontario and Saskatchewan to preach the party's economic platform.

The NDP has launched its new drive after several years of crippling internal turmoil. On the policy front, the party was deeply divided last fall when Broadbent flirted briefly with the Conservative belief that the deficit should not be increased as a means of stimulating the economy. The leader recanted late last year and called for a "planned increase in the deficit." That reversal was timely since the Liberals are expected to increase the deficit in their March budget to create employment with such economic development projects as railway electrification. Meanwhile, the NDP's initial wounds are finally healing after the party split, forming aligned East-West lines, and the Conservative mess is still.

Despite these successes, party members realize that the joy may be short-lived. If Fraser Leaguehead runs for and wins the Conservative leadership, he could wreck the NDP's western base—35 of its 32 seats are from West of Ontario. But the other leaders facing West now consider future debate on the cruise issue only "when if the negotiation on testing the cruise missile itself is concluded," lamented Conservative MP Dennis Allen. McKinnon, "What happened is not what you would expect to happen in a democracy." At the same time, two demonstrators chained themselves to the door of the Parliament buildings and demonstrators were staged across the country.

Crusie testing is scheduled to start late this year at the Prudhoe Bay

The cruise comes to Canada



Liberal MP McRae with protesters attempting to avoid political minefields

External Affairs Minister Allan MacEachen tabled an agreement last week that provides a framework for the testing of US cruise missiles in Canada. His quiet diplomacy stirred a storm of protest. In an attempt to avoid the political and social minefields surrounding the issue, MacEachen simply told an unlikely weapons control agreement, ratified in Washington by the Canadian ambassador, was "not a deal for Canada." He didn't say, and then said that he will consider future debate on the cruise issue only "when if the negotiation on testing the cruise missile itself is concluded," Dennis Allen, Conservative MP Dennis Allen. McKinnon, "What happened is not what you would expect to happen in a democracy." At the same time, two demonstrators chained themselves to the door of the Parliament buildings and demonstrators were staged across the country.

Crusie testing is scheduled to start late this year at the Prudhoe Bay Oil Fields in the Alberta-Saskatchewan border near Cold Lake, Alta. For that reason, no further negotiations are expected until late summer or fall. The Americans say that the huge flat stretches of snow-covered land in the region are ideal for trying out the cruise's terrain-crossing capability. But critics like McKinnon and Paul McRae, a Liberal back-bencher, say that the cruise tests may really be intended more as practice for launching the missiles over the polar ice cap instead of flying them along a central Baffinian path. As a result, they worry that the tests may indeed lead to an escalation of the arms race. So far, the government seems prepared to defer the issue under Future defense testing agreements, the document says, "shall be negotiated and concluded by the designated representatives of the Canadian department of national defence and the US department of defense," says McKinnon. "The idea is that, under the deal is signed, Parliament can use an opposition day to debate it. This is like debating the First World War. Once it's signed the debate is over."

Pressure on the Canadian government to drop cruise testing will escalate should the Reagan government pursue its inflexible "zero option" in arms control talks with Moscow. The zero option calls for the elimination of all intermediate Soviet and US nuclear weapons in Europe. But the policy is generally rejected by the Kremlin. The cruise is a bargaining chip in the negotiations, and McKinnon wants Ottawa to let the US government know that if they don't get down to real negotiations we'll be loath to finalize this cruise testing." Still, McRae sees collateral damage, "reputation" and he agrees that to "get those absolute numbers of missiles down we have to play with the poker chips." Meanwhile, each side appears to be waiting for the other to blink. "I go along with the idea that if there's no progress at Geneva by late 1983, then we, that is NATO, should proceed with [cruise] and Pershing II missile deployment," says McKinnon. "I just wish they would both start thinking."

IAN ANDERSON is Ottawa



Frank Mayne and Expo 86 site: the crisis of creating Disneyland North



BRITISH COLUMBIA

Less challenge, more flash?

Expo 86, Vancouver's chance to display the latest advances in transportation and communications, is in danger of becoming a \$357-million Disneyland North instead of a world exhibition with the scope and fair of Montreal's Expo '67—Canada's last world's fair. That, at least, was the parting assessment of Frank Mayne, former creative director of Expo 86 and the father of four top executives to quit or be fired in the past two months. The end of his tenure seems to hit a fatal blow to the project's right to hit a fair that had almost recovered from delays caused by last year's haggling between Ottawa and Victoria over cost-sharing and in still four months behind schedule in its preparations for opening day, May 3, 1986.

The man who is fielding most of the criticism about Expo 86 is Michael Bartlett, the fair's new general manager, who helped build Canada's Wonderland, a \$300-million amusement park north of Toronto. Bartlett, who has applied for Canadian citizenship to forestall criticism about an American running a Canadian showpiece, has also won him two other former Wonderland executives as vice-presidents. But at the same time that the amusement park team was seeking in, the fair's interim general manager, Michael Burns, the vice-president of finance, the manager of special events and Mayne were all leaving. The 68-year-old Mayne, a career civil servant who had been on loan to

you they will get it built on budget, on time, and it will be big and glitzy."

Bartlett has been stung by the back-stabbing charges. "I would say that Mr. Mayne is a pseudosocialist at best," he says. "Blackberries would hardly characterize a management that emphasizes quality in all things. The problem might be that Mr. Mayne has a very purist, idealistic view of what the fair is all about, and I think that if his view had been followed through probably no one would have shown up." Bartlett is offended by the suggestion that he is going to prove that "Disneyland is dead." He maintains that one way of building a great world's fair is by following the Disney model and management techniques. That theory will be tested in May when Bartlett reveals the design site plan for the fair—Mayne's idea before he was effaced aside—but the first influence of the Magic Kingdom will be felt next month when Queen Elizabeth II visits Vancouver. Her Majesty will inaugurate a fair that will not be held for three years, in a stadium that will not be completed until June, as in a theme park where everything is purchased and safe, there's total environmental control, and the food is clean." The dispute centres on the conflict between blackberries and intellectualism, says Mayne, who worries that Expo 86 will be designed for a family of vegetables, as in a theme park where everything is purchased and safe, there's total environmental control, and the food is clean." The dispute centres on the conflict between blackberries and intellectualism, says Mayne, who worries that Expo 86 will have more to do with entertainment than education.

Another departed staff member who agreed with Mayne's criticisms explained: "For a number of reasons the fair wasn't moving ahead fast enough, and the Expo '67 model passed. They brought in these white-kids and, instead of telling them what to build and the philosophy behind the fair, they turned the whole thing over to them. I can guarantee that this fair won't be a milestone like Expo '67, but I guarantee

MALCOLM GRAY is Vancouver

NATIONAL

The Tories—all together, plunge

The race for the Progressive Conservative party leadership will break into the open this weekend shortly after noon Saturday, newly elected Tory President Peter Elliott, a smugly Alberta rancher-turned-politician, is expected to announce a date and location for the much-awaited convention to replace—or, reconstitute—the already embattled Joe Clark as Conservative leader. Elliott's announcement will end three weeks of uncertainty and is likely to precipitate a series of declarations by other candidates. "Once the contest is official, the announcements will start coming fast," predicted an eager lieutenant of Montreal businessman Brian Mulroney, a much-searched-out contender

for office, not politics, has kept ambitions in check. No one wants to make the first public grab for the job that the beleaguered Clark has held for seven years. But that problem could be overcome if two or more of his potential challengers quietly agree to enter the race on the same day, a plan being worked out. "The idea is to be friends for a day then come out fighting," said the instigator of the plan—a key Mulroney lieutenant. The second reason for reluctance in the party ranks was the fear that the 30-month executive committee might schedule a full convention to give Ontario Premier William Davis and Alberta Premier Peter Lougheed time to extricate themselves from their provincial offices. A one-month leadership campaign would be difficult and expensive to sustain. But that worry too has faded. The reason quite simply is money. According to one party source, it costs about \$1 million to stage a Conservative national convention. But if the Tories could pull off a smash \$300,000 to \$250,000 profit every month between now and the convention, senior party officials are convinced that, for everyone's good, the convention has to be held by the end of June—and Ottawa is the favoured location.

As this weekend's crucial convention-opening meeting approached, the undecided leadership contestants mostly hovered around the starting gate. St. John's MP John Crosbie and Toronto's David Crombie lambasted the government in the Commons with more fervor than usual. Mulroney was in Schenectady, in his capacity as president of the Iron Ore Co. of Canada. Only Clark was absent from the preening and posturing. He fled to Florida for a vacation.

CARL GOATZ is Ottawa



Mulroney and a delegate at the Conservative convention: once and future contenders

QUEBEC

Warming up at 40 below

Enough for a chance to tell stories about freezing temperatures of 40 below and winds that whip across the Canadian tundra from Hudson Bay, there seemed to be little reason for 45 Quebec politicians to travel 1,000 km last week to the northern Quebec mining community of Schefferville. The provincial parliamentary commission was unusually there to examine the Iron Ore Co. of Canada's decision to close its Schefferville operations at the end of July, warning 34 miners out of work and devastating the one-company town it once owned. But the entire saga of Schefferville's woes, the Tories could pull off as much as \$300,000 to \$250,000 profit every month between now and the convention. Senior party officials are convinced that, for everyone's good, the convention has to be held by the end of June—and Ottawa is the favoured location.

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Mulroney insisted that he was not in Schefferville; he is apoplectic about whether he will run against Joe Clark. "Politics is my vocation and my hobby. Business is my responsibility. In seven years I've never once mixed the two," he said. In his first public appearance since the Winnipeg Conservative convention, Mulroney emphasized what he described as his "system" to answer political questions and to tease overviews

sisters with glimpses of how he might solve national economic problems if "I only were a politician."

Brandishing a bright red plaid, he tapped out a feisty defense of tax policy on an elaborate series of charts, as Quebec Energy Minister Yves Duhameau asked questions and miners wearing HAVE THE NORTH button softly called "Brian Babcock."

Mulroney argued that although IOC was badly hurt by the falling world price of iron ore, it had lost \$11.5 billion (\$1.8) in net revenues from 1981 to 1985. The official publication (US) is the past year. The chairman of the Iron Ore Co. of Canada, which has 2,500 workers will lose their jobs, 800 of them permanently.

Mulroney noted that from 1971 until 1979 the company was stable in pay dividends to its shareholders. And he decided that 1989 and 1993 dividend payments of \$82 and \$82 million respectively did little to compensate for the losses.

Quebec observers expect the provincial commission to produce any corrective actions in the pipeline. For one thing, it has no independent power to take regulatory action. For another, it does not even have a mandate to file a report. "When a government wishes to wash its hands of an issue, they appoint some kind of commission," said one critical resident. □

NEWFOUNDLAND

How the Ocean Ranger sank

Friends and relatives of victims of the Ocean Ranger tragedy will attend memorial services this week at the first anniversary of the sinking of the world's largest oil rig. As a grim prelude, an official U.S. report last week suggested that the loss of 84 men off Newfoundland on Feb. 15, 1982, could have been avoided.

According to Washington's National

Transportation Safety Board (NTSB), the rig's owners did not take sufficient steps to provide crews with some of the basic emergency training and equipment. The harshest criticism was directed at New Orleans-based Ocean Drilling and Exploration Co. (ODEC), owners of the offshore rig. The 10,000-word report said that the crews were not properly trained to operate the

emergency manual ballast-control system. When forces of successive gales had listing the rig in a fierce North Atlantic gale, the crew could not correct the increasing list—electronic ballast controls had been crippled by water that had sloshed through a broken port hole. The NTSB further reported that lives might have been saved had ocean swells complied with a two-year-old U.S. Coast Guard order to put better lifeboats aboard the Ranger and had the company issued reasonable, waterproof exposure suits, which can keep men alive for hours in icy seas. (All 22 bodies recovered were listed by the cold, not by drowning.)

Said NTSB spokesman Brad Danile: "Our recommendations carry no force of law, but we try to apply pressure, including the force of public opinion, to bring about the safety changes we believe are necessary to prevent the recurrence of such accidents."

Canadian safety regulations were tightened after the sinking but the Canadian Forces search-and-rescue base at Gander, Nfld., has not been given fast-wing aircraft, despite two such recommendations in government reports this year. The NTSB said that it took eight hours for rescue aircraft to arrive at the disaster site.

In the Commons last week, Prime Minister Pierre Trudeau refused to answer questions about the recent Canadian court decision that says Rod Murphy, called "a bloody murderer" when Murphy tried to flee offshore workers' protection under the Canada Labour Code. Murphy was later forced to withdraw his comment. Of many immediate concern in the families of the Ranger's crew, however, is the fact that the NTSB report cannot be admitted as evidence in court. "It's naive to have the report back up," says Leo Enney, a former energy minister and one of the St. John's lawyers acting for the families. "But we will have to develop our own evidence for the trial." A court in New Orleans is scheduled to decide in March whether or not it will exercise its jurisdiction to hear the Canadian suits, which claim hundreds of millions of dollars in damages against ODEC and at least seven other companies connected with the Ranger. Canadian families would prefer to take their cases to U.S. courts, where settlements are higher. But if that is not possible, they will go before Canadian judges.

The U.S. Coast Guard report, which will draw on largely the same evidence as the NTSB's, is expected within the next two months. By the time the Canadian royal commission into the tragedy issues its interim report this summer, it could well be dated. And its final report is not expected until at least 1985.

—MICHAEL CLOUTIER in Halifax

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Peace Now demonstrator (left); Sharon supporters at a scene of violence, fanned by the Begin government's own combative style.

WORLD

The fall of Ariel Sharon

By Susan Eiley

Ariel Sharon's bulky frame, defiant wince and politician's smile dominate the world's television screens late week. For some observers, the fate of Israel's hawkish, bellicose defense minister would reflect either the best or the worst of the Israeli state itself: its combative nature or its disdainful indifference. In the end, consensus seemed to have been reached. After a scathing report from a government-appointed tribunal, the 54-year-old career soldier was forced to resign for what the report called his "blunders" during last Sept. 10's massacre of an estimated 700 to 800 Palestinians in two refugee camps in Beirut. Sharon did not go quietly: "Why should I step off my own leg?" he roared at cabinet colleagues during their last meeting. "If you want it all, chop it off yourselves."

The persistent thorn was in keeping with Sharon's contentious career and his legendary belligerence. Despite daring exploits as a soldier, his aggressiveness and overwhelming personal ambition have alienated important segments of the Israeli public, including many of Sharon's own soldiers—though not, it seems, Prime Minister Menachem Begin himself.

Indeed, Begin—who, along with other leading soldiers and politicians, was assigned some responsibility for

the massacre by the tribunal—resigned from Sharon despite intense pressure. When the beligerent minister finally telephoned Begin late in the week to roughen the prime minister and that he accepted the news "with personal grief and pain." And there were indications that Sharon may remain in the cabinet

Despite his resignation, Ariel Sharon will almost certainly remain a major force in the nation's politics

in another post. Throughout the week the usually hard-edged Begin appeared frail and distressed, agonized at losing his closest adviser and by his own reprimand from the tribunal. The prime minister also appeared to regret not having picked Sharon and others for the details of what was happening in Beirut at the time of the massacre. The investigation said that they had found it "possible" that Sharon had never mentioned to Begin the fateful decision to send the Phalangist militia into the two refugee camps.

Still, supporters of both Begin and Sharon showed their backing in street demonstrations last week, although

the massacre of his brother, Rashi. The two men even discussed "revenge" at Rashi Gonen's funeral on Sept. 15, the day before the massacre began, and Sharon.

In the United States, the major power broker in the region, Sharon's forced resignation was greeted with relief. The defense minister was less dismayed than many of his Israeli colleagues and he was frequently unfriendly toward his U.S. allies. In Washington he is blamed for delaying the pullout of Israeli troops from Lebanon and for a series of recent standoffs between U.S. and Israeli forces patrolling there. Washington now believes that a weak and fragile, stripped of his powerful defense minister, will make no compromises on troop withdrawals and perhaps even on the broader issue of Palestinian autonomy.

U.S. hopes could be dashed if Begin who is retaining the defense ministry for himself, for the same benign purposes. Shaul Avigur to take the post. However, Avigur, currently ambassador to Washington and a powerful hawk, did not accept Begin's offer immediately. Apparently he was swiffling a decision on Sharon's future.

Others believe it is premature to write off Sharon. Some observers think he will be rehabilitated by Begin after a second emergency—perhaps in some military capacity. The appear last week proved that he still has popular support, and he is renowned for his political survivability. And he has never made any sort of mistake to lose the prime minister. Begin himself once joked that if

he is retained, the defense ministry is for him! For the same benign purposes. Shaul Avigur to take the post. However, Avigur, currently ambassador to Washington and a powerful hawk, did not accept Begin's offer immediately. Apparently he was swiffling a decision on Sharon's future.

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Sharon "misbehaved, adventurous and too independent."



Gen. Mordechai Gur, a well-known Labor Party supporter, has called Sharon "ambitious, adventurous, dangerous, undisciplined and too independent." And former Israeli defense minister Ezer Weizman was recently present when he wrote this description of Sharon in his 1981 memoir: "Striding through ... He needs to leave behind him a wide swath of bitter enemies, disgruntled sympathizers and fervent adherents. But Sharon has lost sight of the distinction between his own personal goals and the good of the state."

Last week Sharon was widely praised for his moral uncompromisingness in insisting that Sharon be removed as the chief of defense—*even if the Israeli soldier was shown to have taken a direct part in the massacre*. Some claimed that the incident showed what sort of state modern Israel really is. Ariel Sharon's future obscurity or a return to the pinnacle of political power—may also be an indication about the sort of country Israel will become.

With Michael Perlmutter in Washington, Eric Schlesinger in Jerusalem and Robert Wright in Beirut.



Arafat with Hussein imminent rejection by its Palestinians of the Reagan peace plan

THE MIDDLE EAST

The bitter climb to a summit

The sense for a new initiative toward a Middle East peace were unusually depressing. At the Palestine National Council (PNC) convened in Algiers for this week's crucial summit, its 300 delegates, representing the Palestine Liberation Organization in exile, were deeply divided. Far afield, they faced the daunting challenge of trying to define a role for the two after its expulsion from Beirut. For another, the PNC's verdict on U.S. President Ronald Reagan's plan for a Palestinian homeland seemed almost certain to be negative. Spanish Khalid Al-Faouzi forecast that a "big majority" would reject the plan. "It doesn't speak about the Palestinians as a people," he declared.

Faouzi's words were not the only indication that the Reagan initiative is in trouble. The issue of a Israeli withdrawal from Lebanon, vital preliminary to any wider settlement, remained stalled. And political maneuvering in Jerusalem following the Kahan commission's report on the Beirut massacre (page 20) showed the Lebanese taking into the background, where they were likely to remain for some time. At the same time, relations between Lebanon itself raised the prospect that the country may indeed disintegrate.

But it was the PNC's dovoting battle over how far to move toward the establishment of a Palestinian state that commanded the most attention. A key move at the meeting in Algiers was expected to be the PNC's attitude toward Jordan's King Hussein and his role as the pro-

peace has PLO opponents with tough anti-U.S. and anti-Israeli talk while seeking a renewal of his mandate as the pita's leader. Then, if the Jordan withdraws from Lebanon, he could allow Hussein to see what terms he can extract from Washington for "compensation afterward" by the PLO.

That view of the future, however, may be unrealistically optimistic. Hussein would clearly like to join the peace process, but he too is awaiting an Israeli withdrawal from Lebanon. The king regards the current talks as a test of Washington's ability to force the Israelis to compromise. But the talks have made little progress since shortly after Christmas. The Lebanese and Israeli are firmly opposed on all the key issues. Originally, the goal for withdrawal of all foreign forces—the Syrians, the PLO and the Jordanians—was late December. Now, the earliest date appears to be midyear.

The confusion over the Kahan Inquiry's report last week overshadowed the return to the Middle East of Washington's special envoy, Philip Habib. Some reports indicated that Habib was preparing a compromise to the difficult issue of early-warning radar stations in southern Lebanon, which the Israelis are demanding as a condition for withdrawal. The United States may now encourage the formation of a neutral multinational force to run the facilities. But the Israelis could spare little time for Habib with the furies of Prime Minister Menachem Begin's government in jeopardy. Meetings with the US envoy had to be suspended in between crisis cabinet sessions.

Meanwhile, the carnage in Lebanon continued. Laraki Barak, who was still robbing by the aftermath of a bomb that exploded on Feb. 5 at the Palestine Research Center, killing 29 persons and injuring more than 100. It was the bloodiest stage end of the Israeli siege last September. Fighting between Christians and Druse Moslem sects in the eastern Ghad es-Sheikh mountains died down. But the fall was only temporary, since the fundamental issue—who will control Lebanon—remained unsolved and no way of keeping the rivals apart had been found. From Algiers to Jerusalem, from Amman to Beirut, the turmoil added a new, explosive element to the search for a Middle East settlement.

—ROBIN WHITING
in Beirut

Abu Jihad: tough-talking



Ultra Mild



Warning: Health and Welfare Canada advises that danger to health increases with amount smoked — avoid smoking Average per cigarette: mg "tar" 0.0 mg nicotine.

The Butcher sears old wounds



Lyons: 'Murder prison' (above); and Barbu (below), a man of ramifications

Among the crowd gathered at Lyons-Sainte-Foy airport in the chill winter dusk, an agitated matron with a blue-and-white blanket over one arm triggered police suspicion. Then, beneath her shabby camouflage, the officers found a loaded 22-caliber rifle. The concentration camp number tattooed on her forearm was explanation enough. Like thousands of others around France, she had fallen into the hands of the Nazis who had, for a price, agreed to settle with Klaus Barbie, 49, the notorious Gestapo Obersturmbannführer known as "The Butcher of Lyons." So explosive was Barbu's return last week to the city where he is accused of ordering the murder of 4,335 people, nearly all of them Jews, and the deportation of more than 31,000 others, that the government decided to install special security forces around the military prison of Fresnes.

More than 180 guards patrolled the walls of the ancient fortress, the scene of some of the bloodiest "crimes against humanity," with which Barbu is charged. The defendant in Nazi, who responded to his captors only in German, was shifted from cell to cell twice daily to confuse any would-be interrogators. Meanwhile, pro-Gaullist throughout France led a public outcry in support of the return of the gallant, idealistic but pro-Nazi François Mitterrand's Socialist government two years ago.

But the wave of emotion over Barbu's capture gave way quickly to a wave of unsettling ramifications. An immediate controversy sprung up over who had betrayed the French Resistance leader Jean Moulin, whom Barbu is accused of torturing to death in 1943. As Jacques

Julliard, an editor with the weekly *Nouvel Observateur* pointed out, Barbu's trial could become an inquiry into the extent of collaboration under the Nazis—a subject still glossed over in French history books. Already, 22-year-old Véronique, a former camp survivor who now heads the European Parliament's Judicial Commission, has expressed her fear that just such a soaring political self-examination will take place. "What I wish is that my country doesn't torn apart once more," she said. "State only separates hate."

Nor was the criticism confined to France. Well-documented reports emerged of the ways by which the American occupying force in West Germany encouraged its French efforts to bring Barbu back in prison between 1945 and 1966. During those years, the Americans paid him to spy on the Soviet zone in Germany, as well as on Romania and Czechoslovakia. That infamy was first aired by George Klarfeld, a Paris lawyer and the son of an Auschwitz victim, who personally unmasked Barbu 11 years ago. But it was promptly backed up by Wayne State University Professor Richard Dabringhaus. As Barbu's liaison officer and propagandist in U.S. Army counterintelligence, he served six months in 1948. Dabringhaus said that he was ordered to brief French investigators about the identity of the brutal commandant

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Barbu's return to justice was also moving for Mitterrand, whose first act as president two years ago was to climb the steps of the Panthéon to lay a rose at the tomb of Jean Moulin, his former chief still, his silence after Barbu's capture showed his awareness of the schism which the trial could open in a country where many survived by negotiating with Nazis like Lyons' "Butcher." —MARTY McSULLIVAN in Paris

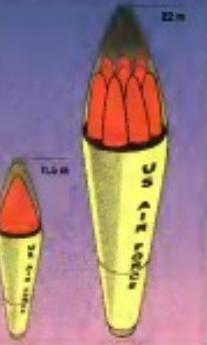


Barbu: "Murder prison" (above); and Barbu (below), a man of ramifications

THE PROPOSED NEW MISSILE COMPARED WITH THE IRIS

Proposed missile	IRIS missile
Length	115 m
Diameter	160 cm
Weight	16,000 kg
Range	12,000 km
Warheads	1

Information on proposed missile is approximate; based on published Department studies.



THE UNITED STATES

A tall order for Midgetman

The Reagan administration's bipartisan Commission on Strategic Forces has faced a thankless task ever since it was formed in January, deciding on a militarily sound, politically acceptable "balance" code for the M1 missile. Last week the commission gave two fresh indications of just how difficult that task is proving to be. It formally requested an extremely quickly granted by the White House— and launchers to match the striking power of 100 tons, and the price tag would be staggering. "We're talking somewhere in the range of \$6 billion to \$10 billion," says Tom Gersten, author of a study of U.S. weapons, *Arms of Democracy*.

Preliminary objections from critics focus on proposed Midgetman ranges, pose another obstacle. So does the growing cost of the U.S. assessment for a nuclear freeze. For another thing, unless it replaces existing U.S. missiles, any move to deploy either the Midgetman or SSX would violate the SALT II arms agreement, which the Reagan administration abhorred but has not signed.

That may not stop the commission from advocating both missile systems in its final report. But if it does, opposition is sure to be strong. Congress voted three funds to preserve 80 missiles this year until a "sound" budget could be found. Meeting that criterion is not any easier for the commission members than it has been for dozens of other groups assigned to find ways to deploy the troublesome M1. □

in the southwest—though no official plans have yet been leaked.

Midgetman's main appeal for arms control advocates is that it represents a step backward from race managing—and destabilizing—multiple-warhead weapons like the M1. That has already won the smaller missile some support on Capitol Hill. But the United States would have to build 1,000 Midgetmen and launchers to match the striking power of 100 tons, and the price tag would be staggering. "We're talking somewhere in the range of \$6 billion to \$10 billion," says Tom Gersten, author of a study of U.S. weapons, *Arms of Democracy*.

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Aging dictator closes the ring

For Paraguay's president, Gen. Alfredo Stroessner, elections have always had a high degree of predictability. The 70-year-old autocrat has remained firmly in power for 29 years, longer than any other leader in the Western Hemisphere. And in last week's presidential election he maintained his grip on the nation of 3.2 million when he captured 98 per cent of the vote. His leading opponent, the Radical Liberal Party's Eusebio Delgado, gained only 57 per cent. Few questioned Delgado's charge of "a sea of irregularities" in the voting, but Stroessner's supremacy was unassailable.

The son of a Bavarian immigrant, Stroessner's style is marked by careful attention to courting the people, which makes his reputation for sanctimonious torture of dissidents and harboring fugitive Nazis, like Dr. Josef Mengele of Auschwitz. Still, he has provided at least cosmetic remedies to a nation that suffered through 22 presidents in the 30 chaotic years before Stroessner seized power in a 1954 coup.

The president's power is based on two pillars: a subservient military machine and the far-reaching Colorado Party. The armed forces are poorly equipped but the troops enjoy enough muscle to enforce Stroessner's rule without presenting him with dangerous opposition. Paraguayan society is also overseen by the party, while watchful ward bosses dole out everything from civil service jobs to police licenses.

At the same time, Paraguay has experienced the fastest economic growth rate in the hemisphere. Its rapid growth was largely a consequence of a massive influx of foreign investment that accompanied Paraguay's construction with Brazil of the Itaipú Dam, the world's largest hydroelectric power plant.

But with the dam's completion last year and the onset of world recession, the nation's growth has stalled. Coupled with the downturn, there is growing concern over who will succeed the aging dictator. Stroessner's son-in-law, Gen. Andres Rodriguez, is considered a strong contender. With the Colorado Party, showing signs of internal division and the opposition parties held by limited access to publicity and electoral fraud, the military may well govern Paraguay with another leader. With or without Stroessner, the prospects for any transition to democratic rule are bleak.

—WILLIAM LOWTHROP in Washington

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IRELAND

Horsenapping a champion

The five-year-old dark-hay stallion Shergar has been described as the horse of the century. The Ireland speedster can run at eight miles per hour in his two-year track career. But he earned \$800,000, the fourth-highest take in racing history. After sweeping to victory in an unprecedented 24 lengths in the 1981 Epsom Derby, Shergar retired to an even more lucrative career at stud as Ballymagui Farm, 65 km from Dublin, where his service fee was set at \$100,000. But last week Shergar became the latest victim of kidnapping. Armed men made off with the high-strung stallion and his groom, John Fitzgerald. And, while Fitzgerald was later released unharmed, there were no signs of Shergar. Thus came a \$10-million ransom demand to his owners, a syndicate headed by the Aga Khan.

Elsewhere, there have been few cases of horsenapping. In 1925 a mare called Carnarosa was snatched in Italy. A ransom of \$60,000 was demanded but never paid. Carnarosa turned up in a slaughterhouse stable four months later. In 1977 a thoroughbred named Puddinlache was stolen from her Kentucky stable but was found six months later, in the relief of her Canadian owner, Jean-Louis Léveillé. However, the snatching of Shergar aroused immediate fears of an epidemic of horsenapping, and Dublin police warned against any attempt to pay the ransom. "No one is going to pay to get Shergar back," explained turf columnist John McCaffick. "That would open the floodgates."

One of the chief police sources commented at what's next was that Shergar would be the target of kidnappers in the Northern Ireland. Secretary James Prior disclosed that the horse trailer used to remove the thoroughbred might have been stolen north of the border. But if so, the horse may have trouble with the weather. Shergar had been on a special breeding diet and could prove hard to handle. "He's really feeding his oats," says one trainer.

In the hunt for Shergar continued, racing stables throughout the country were taking extra precautions against horse-snatching. And nowhere was security tighter than at Sallinscourt Farm, where Shergar's first colt was born two weeks ago. The six-year-old stallion offspring is said to take after his champion father and is already worth \$2 million.

—BRENDAN KEEGAN is Dublin with David Halpin-Ryan in Toronto and Sean Gilbert in Rome.

PEOPLE

Toronto singer Terry Sibley was listening to his radio recently when he heard a reggae tune that sounded suspiciously familiar. It is called *Puttin' Up Dutchess*, and last week the song, recorded by a gaggle of Birmingham, England, schoolchildren who call themselves Musical Youth, dominated the pop music charts of the United States and Canada. Not only that, but it is estimated sales between \$250,000 and \$300,000 in publishing royalties. And Sibley says he is getting the lion's share of the revenue. "The melody, the song, was originally mine," says Sibley, claiming that he introduced the melody for the song during a recording session in Jamaica in the mid-1960s. Sibley is not alone in his assertions. **Justine** Stevens, the Lawrence Welk of reggae, maintains that he was also involved at the session and that the tune originated with him. Two members of the **Mighty Diamonds**, another well-known Jamaican band, picked up the instrumental in 1982, adapted the melody, added lyrics, and changed the title from *Puttin' Up Dutchess* to *Puttin' Up Koschei*. Musical Youth, which then signed both Mittos and the Diamonds, The only people who are not claiming ownership, of course, are the only ones who have made the song a hit—the four kids in Musical Youth.

World champion trapshooter Shirley Sheppard came out blinding in



the 1983 Women's Superstars competition last week in Florida. Yet the 22-year-old Edmonston physical education teacher, who must be 13 in dog's years, but "is not built for speed," declared herself "hopelessly disappointed" in the shooting range, running, rowing, and longjump events. "The infinite gun is very strong," she said. "I am one of three women. I don't think there are many men who could beat them." After losing the toronto event to 1982 U.S. Women's Open golf champion **Jeanne** Anderson, Sheppard said, "I think they brought me in for comic relief." Nevertheless, her automatically cool head prevailed in the basketball arena, as which she hit 10 out of 10 baskets from various spots on a \$10,000 and a Superior record.

Jenny Carter, aged 16, Mary Tyler Moore. **H**enry Kissinger charmed Nancy Reagan. **N**elson Mandela whispered to **Liza Minnelli** and **Arnold** Schwarzenegger. **I**n the **King of Prussia**, Sheppard brings a shattering harshness to the true account of patients tortured to gain news for dismantling nuclear warheads in the fall of 1986. **B**ut of course Sheppard rarely, if ever, hardened. Unlike the real **Bugs**, who

wanted to send the defendants to a larger colony for torturing with the monkeys in a **King of Prussia**, Pa., General Electric plant, Sheppard has aligned himself with the peace movement. "I don't think we have a lot of time left," he says, and back to his lab with buckles on his jeans, started in **Penns** for free and then donated \$3,000 to its director to help defray production costs. After making **Grokys** he requested that his salary of \$600,000 be donated to a Third World relief fund. **Mother Teresa** in India and a group of Quakers who once showed Sheppard to the realities. "I don't know if I have the guts to go to jail for my beliefs," says Sheppard. "This is the classiest I can get to courage."

—EDWARD BARBERA BRIGHTON



Address **providing** a very cool head

The Law and Conrad Black



By Ian Austen and Linda McQuaig

The elegant, two-story building on a discreet downtown side street houses more than just another business empire. Behind the neoclassical facade at 39 Toronto St., Conrad Black has become almost a mythical figure at the pinnacle of the Canadian corporate establishment. Since he served control of Angus Corp. seven years ago, Black's dramatic, if not always sensible, maneuvers have secured his title as Canada's leading corporate knight. From Toronto Street and his winter retreat in Palm Beach, Fla., the stocky financier has—along with his brother, Meertings—achieved some form of control over at least 17 corporations.

He has acquired power largely through a series of daring takeovers. The boldest stroke of all took place last spring, when Black squared off with a formidable foe who fought back with a vengeance—the Hanna Mining Co.

What is more, the actions he took while moving against the Cleveland-based mining giant opened his empire to an exhaustive police probe in Canada to determine whether a criminal act had occurred, trading a false document with the intent that other people would rely on it.

The 38-year-old Black, who usually does things his way, has not taken the police probe lightly. He has strongly protested his innocence, maintaining that the investigation is groundless. "There is no evidence," Black told Maclean's. "There is nothing. There is absolutely nothing." Within hours of issuing that, the police activity last May, the securities police, however sought—and immediately obtained—a meeting with Ontario Attorney General Roy McMurry and two of his most senior officials. Black also took his complaints about "this tawdry little episode" to Paul Godfrey, the chairman of Management One Toronto, and to Jack Ackroyd, the chief of the Mohr Toronto

police force.

Black's appeals to Godfrey and Ackroyd did not have any impact. But the gathering in the attorney general's office in May set off a long chain of events. Following the meeting, the Crown attorney working on the investigation was pulled from the case, although officials deny that there was a connection between the developments.

But more important, there apparently were continuing suggestions by senior officials in the attorney general's ministry to the police that they reduce their criminal investigation to a probe of a less serious charge under the Ontario Securities Act. It appears that the police resisted the pressure, but what started as a relatively routine investigation by the fraud squad has become a sensitive case that has dragged on for 10 months. It is still under way with no end in sight.

The tale unfolds in two parts. First,

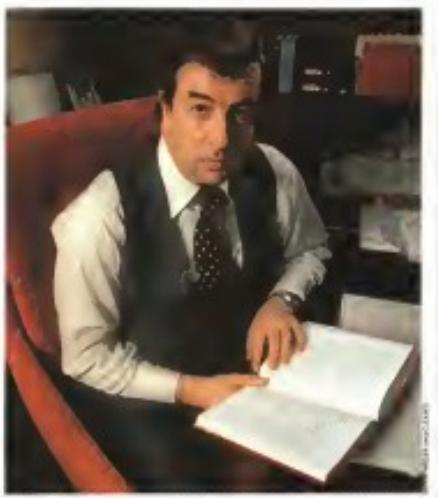
there is the failed takeover bid for Hanna by Black-controlled Norcen Energy Resources Ltd. Black's pursuit of



Hanna took place over a three-year period and included plots in his private jets to entice state corporate boardrooms and a Manhattan society hall—much of it aimed at wooing the heirs of one of the oldest family fortunes in the United States. In the end, Black landed in a torrid Cleveland courtroom drama. Some of the facts have been well documented in various publications, including *The Financial Post* and Peter G. Newman's bestselling biography, *The Establishment Men*. MacLean's has reconstructed the story from an examination of thousands of pages of compressed testimony and documents, which shed light on the management Ontario police in investigating and a tense confrontation between Black and the attorney general. MacLean's explored the twists and turns in hours of interviews with those involved, including Conrad Black and Roy McMurry.

The investigation of Black's takeover bid for Hanna revolves around a relatively simple question—when did Black and his principal resource company, Norcen, form an intention to take over the U.S. mining giant? Black says the decision was made shortly after the eve of a \$1-per-cent tender offer for Hanna that was made by Narveson on April 5, 1982. But a key piece of evidence introduced in a Cleveland district court suggests that it might have been taken even much earlier. The minutes of a meeting of Norcen's executive committee on Sept. 5, 1980, indicate that President Edward Battle announced that Norcen had started to buy a 5-per-cent interest in an unchartered U.S. company "with the ultimate purpose of acquiring a 35-per-cent interest at a later date." In subsequent testimony, both Black and Battle acknowledged that the unnamed U.S. company involved was Hanna Mining. There was little discussion at the Sept. 5 meeting following Battle's description of the "target company," and the matter raised only a paragraph in the minutes. But months later that passing reference would come back to haunt Black.

The question of when the takeover intention was formed is crucial. If it was as early as September 1980, then Black and Narveson may have violated U.S. securities law by making false disclosures—and exposed themselves to Canadian criminal charges. For his part, when he was asked under oath in a Cleveland court if the minutes of the meeting did not prove that his intention was formed long before the spring of 1982, Black snapped, "It would be entirely possible to derive that erroneous



McLeod-Bennett of a Crown attorney from a career admiringly so modest and

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impressions, yes." Black has maintained throughout that the ultimate aim of acquiring 51 per cent of Hanna—apparently alluded to in the controversial minutes—was "only a hypothetical, long-range possibility." He has denied that the reference in any way confirms a takeover intention on Norcen's part.

Whatever his intentions were at that September meeting, Black acknowledges that he had had his eye on asset-rich Hanna for some time. "The man in the U.S. steel industry—Hanna's primary customer—led to a sharp drop in the mining company's profits. Indeed, the firm's 1981 annual report contains the sobering statement: 'The bottom line is survival.'

But that had not always been the case. Founded by political power broker Mack Hanna in 1882, the company's rich iron ore fields in Minnesota and northern Michigan generated enormous financial and political power. Hanna totally dominated the Republican party in the late 1800s. His wealth and influence enabled him to engineer the presidential election of William McKinley in 1896 and later to buy his way into a Senate seat.

Today Hanna's heirs—the Humphrey clan—control one of the United States' oldest industrial family fortunes. While the Humphreys held only an estimated 50 per cent of Hanna's shares, their influence and power over the company is greatly amplified by friendly ties to other major stockholders. Among them: the Mellons, the Bechtels and the Geers. In short, to a large degree the Humphreys ruled the shots, and the Geers supported could be crucial in any bid to take over Hanna.

Not strangers. Black began dragging hints about his interest in Hanna to the Humphreys as early as January, 1979. At that time he met in the prestigious Voices Club in downtown Cleveland with the last heir to head up the mining company—G.W. (Bud) Humphrey. Black and Bud Humphrey were not strangers. Not only was Humphrey a director of MacKenzie-Ferguson Ltd. at the time that Black was chairman of the defunct farm equipment firm, but Hanna also had major interests in many of Black's key holdings, among them the Iron Ore Co. of Canada Ltd., Labrador Mining and Exploration Co. Ltd. and Hollinger North Shore Exploration Co. Ltd. Joining the two businessmen at the January, 1979, meeting,

were two of Hanna's senior executives, Robert Anderson and Carl Nokels. During the discussion Black asked about "amplifying" or "making more reciprocal" the long-standing relationship between Hanna and Hollinger. Black and Humphrey talked about the deal again later at a board meeting and during a telephone conversation, but the results were inconclusive. In June, 1979, Bud Humphrey died suddenly after a round of golf, and Anderson took over the now "nonfamily" chief executive of Hanna.

A year after Bud Humphrey's death, his son, George, sat in his 25th-floor office at Hanna swatting a fly, when Conrad Black suddenly appeared in the doorway. The date was June 27, 1980, and Black was in the building for a board meeting of the Iron Ore Co. Black wasted little time getting to the point: it appeared to him that the new management had isolated George and the other members of the Humphrey family out of the mainstream of Hanna's operations. In fact, George Humphrey was disturbed about the direction of Hanna, and he turned to Black with some concern. The two men agreed to meet again.

In August Black went to dinner at George Humphrey's home in Gates Mills, Ohio. But, as he suggested—this time he gave more detail—that he wanted to form some sort of alliance with Hanna. The evening ended, as Humphrey later put it, with both men agreeing to "pull over our respective positions."

Black's next approach to a member of the Humphrey family was eight months later at an unlikely locale. The scene was a glimmering tribute to Canada held at Manhattan's Lincoln Center Metropolitan Opera House on April 4, 1981. The gala, as Black recalled, "was a rather pretentious setting with men in white ties and ladies in long dresses." Prime Minister Pierre Trudeau was among the guests, and seated next to Black during dinner was the elegant Louise (Lulu) Humphrey, matriarch of the family and widow of Bud. As they dined, Louise Humphrey told Black that she was concerned about her son's career. Again Black raised the subject of buying into Hanna. He says that Louise Humphrey reacted positively when he "very gingerly" floated the suggestion.

Black was encouraged. In August, 1981, Black and Norcen president Battle discussed the value of Hanna's shares. The two telephoned numbers of Norcen's executive committee with word that the Humphreys seemed favourable toward a Norcen investment in Hanna. As a result, Black and Battle wanted a go-ahead to buy up to 49 per cent of Hanna's stock—the maximum they could obtain without having to reveal

any long-term intentions under U.S. securities law. The Norcen committee approved the plan by telephone, and the acquisition program began.

At roughly the same time that Norcen started buying Hanna shares, George Humphrey, son of the family patriarch, composed a memo. He took an early Saturday evening phone call from Conrad Black. Black declared that he was "keener than ever." But Humphrey was no longer enthusiastic. He had recently become a director of Hanna and, he explained, had completely changed Black's status in Ottawa the previous year. Humphrey insisted that he now firmly backed Hanna's management. To preempt a long talk with Black, Humphrey ended the discussion by asking for some time to think things over. He later said, "I didn't want to spend all night on the phone with Conrad Black." The next day Humphrey caught up with the son of another giant of Canadian business, his mate and fellow Hanna director M.L. (Tom) Conacher Jr. On Monday, Humphrey telephoned Black with a firm rejection. It's been suggested that if Black still wanted to pursue an alliance with Hanna, he should do it through company president Anderson. Humphrey asked Black to leave him out of any future dealings. "I didn't want anything to do with it," Humphrey later explained.

Black evidently was not fazed by Humphrey's rebuff. Within four days of the rejection, Norcen wrote S.A.K. Herberger, the Canadian Imperial Bank of Commerce's senior corporate manager, requesting a separate \$20-million line of credit. The money was to be used to start buying up the first lot of Hanna shares. In the letter to Herberger, a copy of which MacKenzie had obtained, Norcen executives concluded: "Acquisition of Hanna's stock is to be conducted by us in our name, and the stock is to be bought by us only as account holder."

Mots of strategy. When the Norcen executive committee gathered on Sept. 3, 1981, for its first face-to-face meeting since being polled by telephone in August, a similar note of secrecy surrounded the Hanna purchase. The minutes that record the September meeting contain a paragraph about plans to purchase 49 per cent of the stock of a "U.S. company listed on the New York Stock Exchange, with the ultimate purpose of acquiring a 51-per-cent position at a later date." There was no mention of Hanna in the minutes. But this is where who gathered in Norcen's Calgary offices that September morning openly discussed Hanna and the desirability of purchasing its stock. Indeed, they were

told that as of that day Norcen had already spent \$3 million (U.S.) to acquire 25,000 Hanna shares, or about two per cent, of the company. After hearing that news and ours, the committee called for the 12.5 per cent minimum to be reached. That decision and the minutes that recorded it would later be a key piece of evidence in the bitter U.S. court battle to stop the takeover, as well as in the Canadian police investigation.

Furious intentions. By the full board assembled in Calgary the following month, at Oct. 18, Black and Battle, while noticing the executive committee's activities, put forward the case for buying into Hanna. But the board also took action on another matter that Canadian investigators would later examine. The directors decided that Norcen should buy up some of its own shares—to a total of 49 per cent. To that end they approved a draft of a notice that was to be mailed out to all of Norcen's stockholders. The notice—sent to all account holders—invited two financial institutions to sell these shares and, as required by Canadian securities laws, it outlined Norcen's future intentions. (One of the main

McLeod-Bennett debating the issue through the media is "absolutely inexcusable"



PHOTO BY RONALD DAWSON

560,000 shares, making them one of the U.S. mining firm's major shareholders, with an 8.5-per-cent interest.

As soon as Black moved an electronic stock quotation machine in Hanna's head office alerted the firm to the fact that trading in company shares was rapidly accelerating. Word quickly came from Wall Street that a purchase order for more than 500,000 Hanna shares had been opened by a Canadian securities company. Vice-President Carl Nickels, who was running Hanna while Anderson was on a trip to Brazil, was anxious to find out who in Canada was behind the flurry of trading. Nickels placed a call to Brian McInerney, Iron Ore's Montreal-based president, a Hanna director and a farmer—and perhaps future Progressive Conservative leadership candidate. In the middle of the chat with McInerney, Nickels' secretary entered his office with a note saying that Conrad Black was holding an another line. Nickels immediately assumed that Black must be the mystery buyer. Nickels cut McInerney off and decided to take "a shot in the dark" with Black. He came on the line with the curt question: "What the hell are you doing, Conrad?" Apparently taken aback, Black tried to assure the Hanna executive, as Nickels later recalled, that he had "no sinister intentions." But Nickels was not moved. He demanded that Black not buy any more stock and the executives of both firms could meet face-to-face.

Possessed now of Nickels' initial reaction, however, was cold compared to the reception Black received seven days later when he flew to Cleveland and with Hartie in hopes of calming Hanna's fears. Black assured the executives that as a major shareholder he simply wanted to co-operate with Hanna's management. But when Black and Battie met Anderson and Nickels in the Sherraton Hopkins airport hotel, Black was stunned by what he later learned as "angry, hostile, even frosty reaction." Indeed, Anderson demanded that Black "peel off" the Hanna shares. Noron had insight—that is, self-those off in self-interest. Hanna's resistance went beyond mere words. The company had already paid a \$50,000 retainer to New York's prestigious Goldsmith Sachs investment bank for information on Black and how to deal with him. That night was on.

If Anderson's volatile reaction put a

damper on Black's intentions to buy more shares, even temporarily, Black had not entirely abandoned his Wagnerian intent in Hanna. He once again resumed his perch of the Humphrey family, members, tracking Leanne Humphrey down in telephone to her winter home near Tallahassee, Fla. This time, however, Ted Humphrey's widow quickly referred Black to her son and financial adviser, G. Watts Humphrey, who was visiting his mother that weekend. Over dinner, the Humphreys

with the Norons exchanged got under way, the visitors raised the idea of a joint tender offer—that is, a formal offer to shareholders to buy their stock at a price higher than that listed on the market. Humphrey seemed intrigued by the idea. "Perhaps we should go for 50 per cent," Humphrey suggested, raising the prospect that the new partnership could obtain outright control of Hanna.

Noron's search for willing agents in Manhattan proved difficult. Battie and three other Noron executives visited First Boston Corp., an investment bank, to seek the firm as a co-wielder. In the course of discussions, they learned that Hanna's board might regard the offer as hostile and First Boston wanted to convince its Hanna association. As a result of First Boston's rejection, Noron Corporate Secretary William Kilburne interviewed at least seven other investment bankers before Noron picked Leanne Brothers Kahn Loeb Inc.

Those efforts soon proved fruitful. When the Black and Battie returned from salubrious Beswick's encouraged by their chat with Watt Humphrey, Kilburne began drawing up tender offers. Still, success was the order of the day. The first draft of the tender offer outlined a joint venture with a family "A" of Kilburne later acknowledged in testimony that the unnamed family was, in fact, the Humphreys.

As word of the contemplated Watts Humphrey joint bid exploded, meanwhile, began to fade. Throughout January, 1982, Humphrey refused to take any part in Battie's calls or to return any messages. When Meetings Black and Battie finally arranged to meet him on Feb. 3, Humphrey was distinctly cool. The luncheon meeting at Beswick's Edgewood Club had barely begun when Battie gently raised the conversation to the tender offer. As Humphrey recalled, R. Battie and that Noron was "ready to go" and, instead, had already started to prepare for an offer. However, Noron's enthusiasm slowly turned to frustration when it became apparent to Black and Battie that Humphrey did not share their sense of urgency. That weekend Watts Humphrey spoke with his brother George. Later he called Meetings Black and reported that the two brothers were opposed to any deals with Noron. Noron had failed in its second bid to form an alliance with the Humphreys.



Leanne Humphrey: 'The bottom line is survival'

Battie rapidly bolted to a client in the volatile Anderson made his final push to east Noron from the ranks of Hanna's shareholders. In two angry confrontations, the Hanna chief presented Black with options to sweep Black's Hanna shares for Hanna's holdings in two Black-controlled companies. Still, Noron apparently was not deterred by Anderson's strongly worded efforts. In Toronto Noron decided to make a bold bid. The company arranged another special line of credit with the Bank of Commerce—the time for \$400 million. Finally, on Friday, April 2, 1982, Noron officials informed Hanna during a meeting in a Cleveland hotel room of their plans for a big move. Noron proposed to acquire a 50-per-cent stock position and effective veto power over the decisions of Hanna's board. In exchange, Hanna would get cash and a commitment that Noron would not buy any more of its stock. The initial option was that two days later, on Monday, April 5, Noron would confirm its plan to buy Hanna with a tender offer for 50 per cent of Hanna's stock. Shortly after the Friday meeting began at 5 p.m., Noron officials announced that their private jet, parked at the airport just across the street, would return to Brampton at 7:15 p.m.—giving Hanna only two hours to decide. Regrettably, Hanna Vice-President Nickels' "The implication was clear that a gun was to our head."

Star battle: In the end Hanna rejected the Noron deal. After Noron announced plans for the tender offer, Hanna's board of directors called an emergency weekend session in hopes of fending off the bid. That decision led to the most difficult takeover battle that Black had ever fought.

Hanna immediately took its case to the courts. From the beginning, Hanna's attempt to get a court order to stop Black and Noron resembled a military operation. The company retained the Cleveland-based law firm Jones, Day, Morris & Poppe, which dispatched 21 lawyers to document the details of Noron's every Hanna-related move



Hanna drilling operations: Hanna's vice-president asked, 'What the hell are you doing, Conrad?'

The effort took only 10 days, and, for its part, Noron had to co-operate—or effectively forfeit the case. While some members of Jones, Day's team worked around the clock, former career diplomats drawn over by Noron, other lawyers faded out, scores the courtroom to take over Hanna's top brass. Two lawyers descended on Black in Lake Beach, the enclave of the wealthy, where he resided. With three of Black's own lawyers sitting in, the two Hanna representatives grilled Black for a grueling 11 hours. Near the end languished lawyers from both sides sniped at each other over the more trivial matters. At one point, a Hanna lawyer roared: "Don't shout at me, pal! I offend you, leech and you offend me!" Black interjected, "No-

body mentioned leech."

The subsequent court battle was bitter. After nearly four months in Cleveland, on June 18, U.S. district court Judge John W. Mazzarella ruled in Noron's favor. On July 12 that created a preliminary injunction against Noron—a decision Noron immediately appealed. In his ruling the judge sharply rejected Noron's argument that it did not intend to take over Hanna until the eve of the tender offer. wrote Maxon. "Noron's construction of the record is strained and imperious." Indeed, Maxon concluded that the evidence is the only "established conclusively" that Noron contemplated a takeover as early as May 8, 1981, "if not earlier."

The U.S. court had had immediate repercussions in Canada. The

Anderson: 'An aggressive'





Menes Nansen's argument rejected

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Metropolitan Toronto Police Department's fraud squad apparently read press reports of the case. Of particular interest was how the allegations in the United States related to the moves had clearer that Nansen had moved out to its shareholders the previous October. In the U.S. court case Hanna charged that Nansen had misappropriated its investigation documents filed with the U.S. Securities and Exchange Commission. The Canadian investor bid was circulated about the same time as the U.S. documents and it also said that Nansen planned no major changes. From what had already surfaced in the press, it was known in Toronto that the major thrust of Hanna's heavily documented Cleveland court case was that Black and Nansen had many months earlier secretly focused their attention to take over Hanna—a move which, by almost any standard, represented a major change.

If that was indeed the case, then the issue had right have been false. If so, Nansen was presenting his shareholders with incorrect information—information on which the shareholders might make decisions about their stock. (Knowledge of major changes, such as a takeover bid, usually causes stockholders to demand a higher price for their stock.) The Toronto papers suspected that the issue bid may have been a

fantasy as defined by the Criminal Code, since it might be a false document which other people might copy. Two sergeants from the fraud squad, Robert Barber and Robert Greg, drew up three warrants with the help of Crown Attorney Brian Johnson. Being forgery and uttering as the suspected offence.

That was the beginning of what Black calls an "Oswestrian drama." He insists that the police officers investigating him are out of control. "The actual legal case is too far-fetched and preposterous for me to talk about any more," Black told MacMurry. "The whole thing is just a charade that should have ended months ago."

Serving the warrants took the police out of unfamiliar terrain, the world of high-powered Bay Street law firms. The officers apparently suspected that copies of the material they wanted would be in the files of the Toronto law offices of the two leading companies. Armed with search warrants, the policemen went to the premises of Nansen's lawyers, Oster, Hodson and Harcourt, and to Black's new law firm, Oberbridge, Horwatt & Solomons and Davies, Ward and Beck. On May 13 at 3:30 a.m., Black telephoned the office of Attorney General MacMurry. Nansen's lawyer, Fred Coyne, a longtime acquaintance of MacMurry, also put in a call. Both requested an urgent meeting with MacMurry. Himself, changing it since he in custody was interfering with the U.S. court case MacMurry took the unusual step of granting a meeting that same day.

The attorney general is adamant that the Black case has been handled like any other. "What has concerned me," he says, "is the suggestion that Conrad Black, because of his prominence, would be able to influence the course of any police investigation that is within our jurisdiction. The fact that that could take place I find quite offensive, because the integrity of the criminal justice process is as far as I'm a number 1 priority." De-

spite MacMurry's insistence that the Black case was treated in the usual manner, none of those familiar with the investigation contend that it was set. They charge that the May 13 meeting between Black and his lawyer was the first in a series of unusual events, including the abrupt removal of Crown Attorney Johnson from the case, what was interpreted as pressure on the police from the ministry to change the

headed by a cabinet minister."

It was late Thursday afternoon, May 13, when Black and lawyer Coyne were ushered into MacMurry's 18th-floor office just around the corner from 10 York St. Black and his lawyer confronted MacMurry with accusations that Nansen's court battle in the United States was being improperly influenced by the police investigation in Canada. MacMurry was surprised. It was the

we're routinely regarded as criminals in our home jurisdiction."

MacMurry told MacLennan that he never would have met Black had he known the lawyer was under police investigation. "If I had known there was an ongoing criminal investigation, it's highly unlikely—in fact I'm certain—the meeting would not have taken place," the attorney general said. "I've always avoided meetings with people when...there's an ongoing criminal investigation." However, MacMurry did not immediately end his meeting with Black when he learned that Black was under investigation. He listened to Black present his case and complain about being the victim of a "Canadian investigation."

In effect, MacMurry told MacLennan that at that moment he considered that the removal of a Crown attorney from a case was an unusual step. And certainly Johnson's departure later stirred a great deal of controversy and speculation.

Indeed, MacMurry indicates that the handling of the investigation was not at all influenced by the fact that it dealt with Conrad Black, one of the country's most prominent businessmen. Nevertheless,

MacMurry concedes that following his meeting with Black he ordered a two-part review of the case. First, he decided his ministry would have to probe Black's allegations that there was an attempt to influence the U.S. judges. Then he ordered his officials to review whether there was any offence at all and, if so, what kind.

McLennan acknowledges that from the outset he and his senior officials considered the possibility that the Black matter should not be investigated as a criminal offence, but rather as a lesser violation of securities regulations. Said MacMurry: "From the beginning, I was aware...of the fact that one of the issues was...if there had been any impropriety, one of the decisions that would have to be made, obviously, is...whether it was a breach of securities legislation or of the criminal code. That's been an issue from the beginning. There's no doubt in my mind about that."

The difference is significant. A criminal offence brings an accused before the



District court building in Cleveland: the issue was, when was the intention to take over Hanna formed?

courses they were following and unusual efforts to keep the proceedings secret.

If those claims are true, they are all the more surprising in view of Ontario's strong tradition of independence for Crown attorneys and police officers. The tradition is based on the principle that only by guaranteeing the freedom to conduct investigations and prosecutions without interference can public officers keep out of the criminal justice system. MacMurry himself backs that concept. "Our view is that the police should have that degree of independence from the ministry of the attorney general, which is

first time he had ever heard that a Canadian criminal investigation of Black was in progress. In fact, he had not even asked an official from the criminal branch of his ministry to attend the meeting. Instead he had requested that Dennis Wright, the head of the civil section, attend with deputy minister Randal Dick. MacMurry was even more surprised when Black claimed that Johnson had phoned Judge Hanen when he was in the midst of preparing his ruling on the takeover bid, and that Manes had been given a copy of one of the Canadian search warrants. This was all done, Black said later, "in such a way as to make it look like

that from the outset he and his senior officials considered the possibility that the Black matter should not be investigated as a criminal offence, but rather as a lesser violation of securities regulations. Said MacMurry: "From the beginning, I was aware...of the fact that one of the issues was...if there had been any impropriety, one of the decisions that would have to be made, obviously, is...whether it was a breach of securities legislation or of the criminal code. That's been an issue from the beginning. There's no doubt in my mind about that."

The difference is significant. A criminal offence brings an accused before the

courts where, upon conviction, there is a real prospect of going to prison. A securities conviction carries the risk of loss of a job sentence and frequently results in only a small fine.

MacMurry says that after telling his officials to review the matter, he left the decision to them. But he acknowledges that he offered one opinion to his deputy, Dick—one that apparently drove down the chain of command. That opinion related to the suspected fantasy charge based on the search warrant. Says MacMurry: "I think my senior counsel has advised agreed with my preliminary view that if an offence had been committed, that was not the offence."

In the days following Black's visit to MacMurry's office, Crown Attorney Johnson was grilled in several long sessions by deputy attorney general Dick, and by Rod McLean, then head of the ministry's criminal division. At the end of the sessions McLean pointed down from the top of the stairs to the removal of a Crown attorney from a case as an unusual step. And certainly Johnson's departure later stirred a great deal of controversy and speculation.

Surprisingly, in the attorney general's memory there are varying accounts of the reason for Johnson's removal. McLean will only say that he was not satisfied with the work Johnson did. Dick emphasized that Johnson, an expert securities lawyer, was set as experienced in criminal prosecutions.



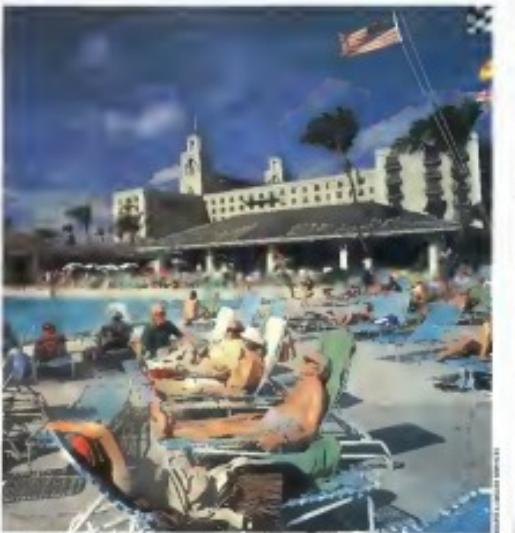
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Howard Morton, director of the branch that handles organized crime, says that the fact that Johnson did not report the case to his superiors may have been enough to spark the removal. In any event the man was not Mason's telephone call. It became clear that, despite Black's charges, Johnson had done nothing to attempt to influence the U.S. court. In fact, it was Mason who placed a call to Johnson. Says McMurry: "Brian Johnson can't present a judge from goshen him."

With Johnson off the case, the two police commissioners, along with their supervisor, Staff Insp. MacLeod, were summoned to McLeod's office. He told them not to deal with Johnson, that he had been replaced by a new team of three of the ministry's most senior people. Besides McLeod, the new team included Morton, of commercial crime, and McLeod's assistant director, Harry Black.

In any case, McLeod was now in control. Known as a tough, ambitious prosecutor from his role in the lengthy Hamilton harbour dredging case, he had a commanding presence in the room. With the group he assembled around him, he explained that his complaint with Johnson carried around the search warrant, the suspected forgery charge listed or if it was too inflammatory. He indicated that McMurry had been embarrassed by meeting with Black without knowing a criminal investigation was under way. McLeod also had a special request: he wanted to be told in advance of any action the police planned to take in the Black case. By the end of the one-hour meeting, McLeod had painted a picture of how he saw the new team and the police working together—hand in glove.

McLeod soon brought in officials of the Ontario Securities Commission, and a clear theme emerged at subsequent meetings. McLeod wanted the police, at least for the time being, to consider pursuing their investigation as a lesser



Palm Beach during an 11-hour gettin' out. Hanno lawyer roared: 'Don't shoot at me, pal'

priority. Since McLeod said his main concern was for the "little [Neron] shareholder in Shetland Bank" who could not be sure of shares drop with any newspaper account linking Neron to a criminal probe.

McLeod's suggestion had the potential to jeopardize the entire investigation. The potential problem was related to the search warrants. The warrants already executed indicated that the police were gathering material for a suspected criminal charge. But what if the police were to downgrade the suspected wrongdoing to a subsequent trust to just a securities violation? And what if, later, they determined that there indeed was evidence for a criminal charge? It could then be argued that they had lied, in swearing on the later warrant, that they were merely investigating a securities matter. Evidence gathered with the later warrant could well be thrown out of court.

Eventually McLeod bowed out, and Morton's assistant, Harry Black, took

over the day-to-day handling of the case. But suggestions to change the charge continued as the investigation turned to drift netting, securities law and other matters. The impasse lasted for several weeks, until the police relented and agreed to file a suspected securities violation on the warrant. Just before the Canada Day weekend, the police reluctantly told Harry Black that they would agree.

But within a week the police changed their minds again. Apparently fearing that they were putting the investigation at jeopardy, they returned to insist that the warrant should list a criminal charge. Several days later the ministry agreed. But there was a wrinkle: steps were to be taken to keep the warrant secret. Because of a recent Supreme Court of Canada decision, search warrants are now available for public—and press—scrutiny. However, there are some provisions for keeping them temporarily secret—usually at the request of the police when they feel an investi-



gation would be disclosed. The police ultimately agreed to the secrecy request.

It was now late July 1983, and the police had been trying for roughly two months to get a routine search warrant. Now, when the document seemed within reach, it became unnecessary. The attorney general's ministry had negotiated a deal with Conrad Black's lawyer, Peter Atkinson. Under the terms, Conrad Black and Neron agreed to supply reluctantly any materials the police needed, thus eliminating the need for a search warrant. The police accepted the offer, and the warrant never appeared.

Along with this, Blauna and Neron settled their feud in the United States out of court. In exchange for \$80 million, Neron got 20 per cent of Hanno's stock and became the mining company's largest shareholder.

Personal priorities. But in Toronto the Canadian investigation continued, and Conrad Black's impatience mounted. The no-secrets-warrant agreement almost fell apart in October when the police asked for documents relating to Black's takeover of Neron in 1979. Black balked, and his lawyer, Atkinson, wrote Harry Black, charging that it seemed that the police were involved in a "less conservatively fishing expedition." Peter Atkinson, Neron's solicitor and Haynes of the Oshawa law firm decided that they would no longer co-operate. If they did, they would lose the material, they would have to sue the warrant, which would challenge in court. But the agreement was reviewed in early November and indications that the investigation would shortly be finished.

Conrad Black also continued his personal protests against the investigation. Black maintains, however, that his name was not disclosed at McMurry's insistence. "I learned in this matter he has never been with the attorney general's department," Black told Macdonald's. "They very promptly removed Johnson from the case," he added. His greatest, rather, was directed at the police. And Black had several opportunities to make his case known. In a letter last July to McMurry that began "Dear Sir," Black wrote that he had taken his complaints to police officials. "I have requested from [Metrop. Toronto Chairman] Paul Godfrey, in his role as a member of the Police Commission, a clarification of these matters, and Paul and Chief Akrood are now exploring the subject together" (Godfrey refused to comment. Akrood acknowledged that Black approached him, but he took



The Humphreys — Ed (left), George (above) and Motti calling the shots

no action at all as a result.)

After his spring meeting with McMurry, Black took his complaints on his private rounds. At an Ontario government luncheon for former U.S. secretary of state Alexander Haig last November Black complained to McMurry in colorful language about the length of the investigation.

Throughout, Black has maintained that his principal motivation in attacking the investigation was ultraliberal Black's desire to keep his name out. "I just wanted for myself and my company here to make sure we can take care of ourselves. I know—surely in the absolute certainty of our total innocence—that eventually this screwy job will come to the ergonomics and it deserves—and that's fine

for us. . . . I am concerned about some social issues, and one of them is what happens to somebody who doesn't have the means of self-defense that have been denied."

In fact, the whole affair has left almost everyone connected with it unhappy. Those involved in the investigation have watched it drag on with no clear date and no sight. The attorney general is disturbed that Black's "imaginings" have harassed the reputation of the police system in Ontario. He wonders what fails Black's imagination. "Maybe," McMurry muses, "we should try it, because obviously his imagination has produced some degree of financial success." Says McMurry: "I find this was only highly unusual, bizarre, peculiar. I find it absolutely incomprehensible that a man in [Black's] position would not feel what he does, unless he has been so much corrupted or influenced to do things the way through people." Black adds, "Wouldn't you say it's because more of a carnival than a legal investigation?"

Careful as set, the drama is still unfolding. From a red-brick building at 380 Jarvis St., the police seem determined to put together the remaining pieces of the investigation. About a mile south, behind the tall columns of 18 Tariot St., Conrad Black observes the developments as a sign of encroaching social injustice. Around the corner, at 18 King St. E., those protestations have been offbeat for McMurry to ignore, a problem made more annoying by the minister's duty to treat everyone equally and to be seen to be doing so. In the Conrad Black affair, the need for McMurry to uphold the ideals he espouses could hardly be more acute.

With Ann Pendleton in Toronto



Stirring the sweet scent of recovery

By Michael Posner

The worst, it seems, is over. At least, after months of agonizing and false hopes, the longest and deepest world recession since the Great Depression appears to be ending. The signs of recovery are still modest, hidden in the arcane graphs of leading economic indicators. For the most part, they have appeared in the United States. Elsewhere, the economic reversal still remains more a convincing rumor than a substantiated fact. But slowly and painstakingly the U.S. economy is recuperating, fueling hopes that once

it is the United States, and recent wage settlements have been so low (increases in major contracts last year were the lowest since 1960) that low expectations before inflation will pose an immediate threat. Still, the ballooning U.S. deficit—\$189 billion for fiscal 1984—could well abort the meager Gesamtwirtschaft. Vice-President George Bush: "The strength we're seeing is due to a better mix of monetary and fiscal policies, a rebound from the massive inventory liquidations of 1982 and the decline in the interest rates." But even the most sanguine observers concede that unemployment is likely to remain at

Currently, between Ronald Reagan's

reluctant to declare the official end of the recession, fearful that one month's positive statistics might supply he an aberration. But most private economists without political constraints allow to hasten in writing the recession's long-awaited obituary. "The recovery has certainly begun," says Chase Econometrics' Vice-President, Louis Taub. "The strength we're seeing is due to a better mix of monetary and fiscal policies, a rebound from the massive inventory liquidations of 1982 and the decline in the interest rates." But even the most sanguine observers concede that unemployment is likely to remain at



RONALD REAGAN: Indications for buyers in a Canadian car showroom. Indications of an upturn are strongest in the United States

more it will pull its trading partners back to prosperity as well.

In areas of industry, in retail sales, in new factory orders and countless other barometers of growth, the evidence suggests that the U.S. economy has finally bottomed and is on the rebound. Indeed, the question now haunting government policymakers and economists is how long the recovery will last and whether, spurred by a deliberate easing of the money supply by Federal Reserve Board Chairman Paul Volcker, it might rekindle inflation.

Even the analysts consider the risk of renewed inflation to be remote—at least for now. Fears are in the air; they are working at only 67-per-cent expec-



RONALD REAGAN

administration is reeling on the stream of upbeat economic news. For the first time in a year, unemployment fell—to 10.2 per cent in January. New car sales climbed for the 10th successive 30-day period. Housing starts, a key indicator, continued to gain strength, adding buoyancy to depressed lumber industries and household goods sectors. Consumer debt expanded at a rate of four-digit millions, and projected savings figures for 1984 showed as big increases from previous years, sales tax, are picking up in Canada, although not as much as in the United States. What's more, falling mortgage rates are maintaining an upturn in the housing market that began last fall. After an abysmal 1982, residential construction is predicted to grow by eight per cent this

January high levels into 1984. To a greater extent what happens in the United States will determine the strength of Canada's own recovery. As in the States, the Canadian stock market has seen an 8 per cent advance, and inflation rates in cities and consumer confidence are on the rise. Another important barometer of an upturn—consumer spending—has also been showing signs of life. Spurred as by higher savings programs, auto sales, too, are picking up in Canada, although not as much as in the United States. What's more, falling mortgage rates are maintaining an upturn in the housing market that began last fall. After an abysmal 1982, residential construction is predicted to grow by eight per cent this

year, according to the Conference Board of Canada. Now, economists in Canada are confidently predicting as well that the recession is over. But with unemployment still at 12.4 per cent and with Ottawa's deficit putting a psychological burden, the Conference Board believes that 1983 will be a year of slow recoveries (1.6 per cent real GNP growth), with a stronger surge in 1984. Still, those figures rely entirely on the U.S. scenario. Concludes Brian Shatto, the board's national forecasting director: "The crucial variable is what happens in the United States."

Within the narrow limits of its economic assessment, the Trudeau government's budgeting is budgeting that elsewhere product will be mildly stimulative. Expected in mid-March, the budget document will probably expand the deficit to its current \$33-billion range to as high as \$35 billion, adding job creation programs as well as higher outlays for social welfare. But Canada's economic future is so closely tied to that of its southern neighbor that the best Ottawa can do is some creative tailoring at the margins.

Overseas the Europeans seem skeptical about the strength of the U.S. recovery and its tone effects their own economies. The recession in Europe has been less severe than in North America, largely because of vast government welfare programs. "Expensive but less painful," says Edmund Phelps, director of the Hudson Research Institute in George Washington's congressional research office. In 1982, such programs as Britie's big jobless benefit package used by Europeans as their main bulwark against unemployment had proved just as U.S. politicians were trumpeting signs of an upturn last week. West Germans learned that their unemployment rate had risen to a post-war high of 10.2 per cent in January. Similarly, the British learned that their unemployment rate had soared to 12.8 per cent in the same month—the highest in the European Community. And, as in Canada, the jobless totals are taking the latter off signs of a recovery in Range. In Britain, economic pessimism may well prevail again after the March elections in which the fate of Margaret Thatcher's Conservative government will be decided.

But there is expected to be little pessimism toward a German recovery until the second half of 1983. The government is predicting

inflation to decline from 10.5 per cent in 1982 to 8.5 per cent in 1983. The economy is expected to grow by 2.5 per cent this

year, according to the Conference Board of Canada. Now, economists in Canada are confidently predicting as well that the recession is over. But with unem-

Forecasts for Canada's economy

Agency	GDP 1982 (%)	GDP 1983 (%)	Inflation 1983 (%)	Unemployment 1983 (%)
Conference Board of Canada	+1	+6	7.6	12.0
Informex Ltd.	-1.9	+3	7.9	12.7
Royal Bank of Canada	+1	+2	8.5	10.7
Bank of Montreal	+1.5	+5	8.6	11.5
Chase Econometrics Canada	+1	+5	8.4	13.6
Wood Gundy Ltd.	-1	+6	7.5	12.1
Pitfield Mackay Ross Ltd.	+1	+7	7.4	12.4
Burns Fry Ltd.	-1.0	+7	8.0	12.8

year growth for this year, which is at least better than the 1.8-per-cent rate in 1982. In Great Britain the forecast is marginally higher, with a 1.7-per-cent economic growth rate predicted by some experts. After a three-year battle, inflation is down to 5.4 per cent, the lowest in 13 years, and consumer spending is already increasing. In France, where Socialist President François Mitterrand bluntly jolted the West's inflation-fighting leadership after a brief fling with stimulative policies, unemployment now stands at nine percent. And the unemployment rates expected to increase this year despite a projected two-per-cent growth rate is the economy.

Overall, most analysts foresee a shallow European recovery in 1983 brought on by falling interest rates and a weaker US dollar that the threat of increased protectionism and renewed US competition (due to the cheaper dollar) hang over the EC and hurtous confidence as a live issue.

Europe's capture is seized by US budget director David Stockman. And other presidential aides acknowledge that the deficit will eventually choke off the recovery if it is not corrected. But there is expected to be little opposition to any bailout from both conservatives and liberals. Many are against diverting funds from domestic needs.

All in all, then, while the worst of the recession may finally be over, there is no guarantee that recovery can be sustained. But Canada and Europe are betting on the United States to lead them out of a bitter period of economic malaise. And the odds are more promising than at any time in years.

By Gerald Gross in Ottawa and Mark McDonald in Paris

Midterm rate growth



DAVID STOCKMAN

The foreign banks' setback

There is a tinge of bitterness in the voice of Larry Chanchella, the 40-year-old president of the Morgan Bank of Canada. Discussing the institution's performance since it opened for business as a Canadian chartered bank in October, 1983, his prognosis is gloomy. "On balance, it has been a negative experience. We have increased our costs and reduced our flexibility," he says. Chanchella's disgruntled mood is shared by many of his counterparts at the 54 other foreign banks that landed onto the traditionally protected Canadian banking field in the past 18 months under new, more liberal provisions of the 1980 Bank Act. The fanfare of gala launching parties with bullish promises of shaking up the subdued, if profitably,

formed better than others. Chanchella's Morgan Bank, for one, made more than \$4 million. But it of the new-comers actually lost money in 1983.

Banking analysts point out that the foreigners did not pack a precipitous set up shop as the recession dried up the borrowing needs of corporations, their major customers, raising havoc in the balance books of all banks. As well, Maurice Clement, special adviser to the federal inspector general of banks, William Kenett, noted that the new banks faced the additional costs of opening up the operations last year. Says Clement, "It was a difficult year for all banks, and the new banks had considerable start-up costs." But many of the foreign bankers feel that the system is stacked

against them. As Chanchella puts it, "It's blatantly discriminatory." The foreign banks also still face a host of regulatory restrictions that are barriers to their growth. Under the terms of the 1980 Bank Act, the foreigners are allowed only eight per cent or \$18.4 billion of the total banking system's domestic assets (total loans and investments). In order to defer out that market share, the government grants each new foreign bank's a "foreign" capital base. It is the emergence of these dammed capital bases that has foreign bankers fuming. For one thing, under instructions from the inspector general's office, no bank can normally lend more than 50 per cent of its capital to any one customer. This means that the foreign banks are effectively shackled from competing with the Canadian

owned banks for large corporate loans in the \$200-million-plus range. Not only that, but each bank is allowed to "lend" its total capital 30 times. (For each \$1 of capital, a bank can lend \$30.) For instance, the Bank of America, with \$55 million of capital, can book \$1.7 billion of Canadian assets. It is a brilliant device to ensure the growth of the new banks, but many of the foreign bankers feel it is unfair since the large Canadian banks may lever their capital 30 times. As Jameson Worcester, the president of Continental Illinois Bank, Illinois, notes, "The Canadian banks have a competitive advantage."

For his part, Kenett denies that the system is discriminatory. "The eight-per-cent limit is in the law," he says, "and it won't be changed until the next Bank Act revisions. As far as leverage, we treat the foreign-owned banks like other Canadian institutions. The new Canadian-owned chartered banks operate under similar conditions." But it is Kenett's insistence on treating the new banks like small Canadian institutions rather than as adjuncts of large multinational banks that irritates the new bankers. Says Morgan's Chanchella, "In no other country in the world but Canada do banking authorities not take into account the capital of the parent in deciding lending limits. They're trying to make us act like a small bank."

Inevitably, those limits

result in the new foreign-owned banks spending much of their loan business back home. "It's absurd," says Jameson Worcester. "The effects will be a tripled off-pension tax revenue to a non-Canadian source."

As the frustrating experience of the foreign banks indicates, their new chartered status has worked to the disadvantage of the domestic banking community. Says Ian Jarvis, former bank secretary of the Canadian Bankers' Association: "There is no doubt that the present banking legislation has reduced the foreign banks' ability to compete." Before they were granted charters in Canada, foreign bank branches simply passed on business to their parents as operated as "seed" banks. Until between 1973 and 1980 their assets grew by 347 per cent to Canadian chartered banks' 51 per cent. Since they have become full banks, the foreigners have grown only twice as fast as their Canadian counterparts. It is no surprise that the newcomers are straining at their regulatory shackles.

—ROBERT O'LEARY in Toronto



Chanchella bucking under a system that is 'blatantly discriminatory'

world of Canadian banking has given way to examinations over year-end results disappointing enough to affect the most three-almost-money market.

Clearly, then, Canadians who feared that foreign banks would upset the staid domestic system have been proven wrong. Although 1983 was a bad year for almost all the banks—foreign or otherwise—in was a abysmal image year for the foreign newcomers. Their profits totalled \$12.6 million, compared with the \$1.5 billion made by Canada's 18 domestic chartered banks. Indeed, while the overall return on equity for the domestic banks slipped from 17.7 per cent in 1982 to 13.9 per cent in 1983, the return for the foreign banks last year was a meagre four per cent.

Clearly, none of the new banks per-

formed better than others. Chanchella's Morgan Bank, for one, made more than \$4 million. But it of the new-comers actually lost money in 1983.



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The coming of Canagrex

By Peter C. Newman

Seldom, if ever before, has a panacea of legislation so enraged Western Canada's farming and business communities. Agriculture Minister Eugene Whelan's sponsorship of the new Canagrex agency, benignly billed as "a Crown corporation that would promote, facilitate and engage in the export of agricultural food products from Canada," has set East against West and private enterprise against the public sector in a pitched battle to determine how Canadian food products will be sold abroad in the future.

Canagrex forms an integral part of the Trudeau government's agri-food strategy, which calls for a 65-per-cent increase in agricultural production within the next two decades. The new Ottawa-run agency would be in charge of selling all food products except wheat, oats and barley (already handled by the Canadian Wheat Board) and milk products (sold through the Canadian Dairy Commission).

The embattled Mr. Whelan has been cross-examining the country, handily denying that his bill "is a takeover of the industry," a Communist plot or any of the other fictional pieces of propaganda some are claiming. The minister views the Canagrex battle as the apex of his political career. He points out that the angular bill has gone through 14 amendments to remove most of the slings casting attacks by its opponents. The new agency would, for example, be able to enter into trades only as a partner in joint ventures with current traders. "It will not," Whelan insists, "set federally, against the current players in the agriculture-export trade." Canagrex's enemies, who include a score of organizations ranging from the Alberta Beekeepers' Association to the Canada Crushers of Western Canada and the governments of four provinces, have concluded that it is everything from "useless" to "a gerrymandered bill" infecting the entire industry.

Even its diehard opponents such as the BPPA's providers for supporting food sales abroad through better market analysis, credit management, marketing studies, the like, deplore the lack of process and technological and increased promotional efforts. The objection comes with Section 14 of the bill, which would grant the new Crown corporation monopolistic trading powers, including the right to purchase, package, process and sell

nearly all agricultural products not now touched by other marketing boards. Thus, the industry feels it (at least initially) would be redundant, uncompetitive and non-innovative.

One of the legislation's most effective behind-the-scenes critics has been David Richardson, president of Tri-Field Products and a son of Winnipeg's legendary grain dynasty. "Private and cooperative sectors of agriculture in Western Canada view the powers embodied in the legislation of Canagrex as

directly with private business. Our concern is that it is quite clearly impossible to do what he has stated he would like to see happen—in control prices and markets—without nationalization." Canagrex's enemies don't deny the extent of their self-interest involved but generally believe that whatever its drawbacks, free enterprise assures farmers of the best prices and most efficient marketing techniques. Whelan, who has always been a strong supporter of marketing boards and government controls, sees his championing of the bill as an ideological battle as behalf of the little guy. He feels strongly that private traders have been unable to maximize the export opportunities that exist and that, in fact, there are many state buying agencies that do not live up to the individually owned marketing outlets outside the Communist world; these so-called government agencies are, in fact, owned by profiteers, agricultural processors and private exporters. Of the free world's four largest state trading companies in foodstuffs, only one (Greece's Agrokor) is actually government-owned. Revenues in France is 56 per cent in private hands, the Central Marketing Board (Gesetra) in West Germany is entirely controlled by producers, wholesalers and processors, and Mexico's Casanaco is mainly involved in internal marketing.

Interestingly enough, Alvin Hamilton, the agriculture minister in the Diefenbaker government, who knew more about farm marketing than most experts ever forgotten, and his son, a registered architect, a former partner in a design firm, are currently advancing a proposal to Canagrex. He maintains that farmgate income, the most of food marketing stays in private hands instead of being controlled by a centralized price mechanism.

"We see that as the development of another East-West rift in the form of legislation from south-central Ontario being artificially imposed as the Canadian agricultural community at large," claims Richardson. "Whelan is forcing us all of Canada to a piece of legislation obviously designed to a great number of people, including the small farmers who Whelan insists are his overriding concern. We have a right to protect the business we have built up over the years, but more than that we have a responsibility to warn the public at large of the dangers of government intervention. It's a tough world out there and it's no place for individuals not particularly at risk in the deals they make."



Richardson: yet another East-West rift?

being totally inconsistent with Whelan's stated objectives, which were supposed to be the promotion and development of trade. We wholeheartedly endorse the new slogan of process and technology and increased promotional efforts. The objection comes with Section 14 of the bill, which would grant the new Crown corporation monopolistic trading powers, including the right to purchase, package, process and sell



Eugene Whelan



Quebec Senator Paul Belliveau

ARCHITECTURE

End of a design debate

In surging choices last week the federal cabinet picked radically different architects, Monte Salfie and Douglas Cardinal, to design two of the most coveted buildings in Canadian architecture. The competition, Salfie best known as the architect of Hugo St. Hofstein—a traditional-style residence for modular houses—will design a new house for the National Gallery near the Parliament buildings on the Ottawa River. And Edmonton architect Douglas Cardinal, noted for his use of irregular rippling facades in Prairie buildings, will design a new National Museum of Man at the opposite bank is Hall, Quebec's Laurier Park.

Both architects are less familiar figures on the Canadian architectural scene than the few they vanquished in the last round of the controversial competition. (The losers were the firms of Arthur Erickson, Barton Myers, Raymond Moriyama, Ron Thom and Edward Zeidler.) Since Hofstein, the 44-year-old Salfie has put his design stamp on structures around the world but has built nothing major in Canada (although he recently won a competition to design a new Manitoba Legislative Building). An Ithaca-born Canadian citizen, Salfie runs offices in Montreal, Boston and Jerusalem and is currently presiding over massive urban developments worth \$600 million in Israel, Australia, the United States and Singapore. By contrast, Cardinal, a soft-spoken 36-year-old Métis, avoids travel and has never designed anything east of Winnipeg.

Last week's announcement ended a yearlong selection process, which annoyed many Canadian architects because only a few selected firms were invited to compete for the projects (total budget \$300 million) and because the decisions were not made by an architect-dominated jury. The competitors were judged on track records, architectural quality and compatibility with the environment as well as a stated approach. The loss of the government project is mitigated by the fact that Salfie will design the gallery expansion, even though he had redesigned a museum there. Grunkin May Dohmen, president of the Royal Architectural Institute of Canada, said: "This is even more ad hoc than I had imagined."

The detailed drawings are six months away, but few observers doubt that both buildings will be dramatic when they are completed in 1982. Cardinal will incorporate a "sandcastle-like" undulating facade—the trademark of his indigenous Prairie style. By contrast, Salfie is an International modernist, who can bring fire and豪气 to that often bleak style. For the gallery, he envisions introducing an abundance of natural light, "a strong presence in the sky-line" and a "feeling of growing out of the dark, grey rock escarpment on the rise." Whatever they create, both architects will face what Cardinal anticipates to be a "bath of fire" from some colleagues. As one reputed architect commented darkly last week: "The proof of the pudding is yet to come."

—GILLIAN MACKAY in Toronto

A tabloid's racy reprise

Quebec Inc. is the Montreal-based newspaper chain that publishes two dailies and 28 weeklies—among them the racy tabloid *Le Journal de Montréal* and *Le Journal de Québec*. It has grown fat by acquiring floundering newspapers and late last week, it was back on the acquisition trail, announcing the purchase of *The Winnipeg Sun*, a straggling tab that rose out of the ashes of *The Winnipeg Tribune*, which folded in August, 1980. Said Sun Editor Paul Belliveau: "From what I have seen so far, I'm quite happy about the change in ownership."

The takeover could not have come at a better time for the Sun, whose circulation of about 38,000 makes it a weak rival to *Thomasess Newspaper Ltd.'s Winnipeg Free Press* (circulation 270,000). Sun Publisher Thomas Denyer, who visited the tabloid with Winnipeg businessmen Alfred Davies and Frank Goldberg, says much of the paper's financial problem has been the lack of major advertisers, who have remained loyal to *The Free Press*. The tabloid's profits were also undercut, says Denyer, because it did not have its own printing plant.

Denyer believes will likely undergo a facelift under the helm of Quebecor President Pierre Prud'homme, a man whom the 1980 Davy report on mass media described as "the king of the pop weekly." The Sun is an independent paper not linked to *The Toronto Star* organization, was formerly a serious tabloid filled with local and international news. With Quebecor ownership it is expected to adopt *Le Journal's* popular and profitable crime-sports-and-sex format. Editor Belliveau, for one, envisions the new image: "I have a stack of *Quebecor Journals* on my desk and a couple of *Sunday Expresses* and I think they look okay," he says.

Quebecor, whose profits for 1982 totalled a respectable \$62 million, will be able to keep its first acquisition west of Ontario alive with ease—for the time being at least. But because of the massive financial losses Quebecor suffered when its 30-year-old tabloid *The Philadelphia Journal* failed a year ago, Prud'homme will be looking for a quick return to health.

—CAROL BRUNAN in Toronto, with Peter Carlisle-Gordge in Winnipeg and Jon Kalake in Montreal

A toehold for profit-making hospitals

By Ann Kerr

The move was scarcely noticed by patients and staff in the corridors of the Hawkesbury and District General Hospital. But when a troubleshooting new administrator representing a private US-based management corporation set up shop in the hospital last month, the effects spread far beyond the 116-bed institution near Ottawa. AMI (Canada) Ltd., a subsidiary of American Medical International in Los Angeles, is the first private company to acquire operating control of a public hospital in Canada. Now, many observers who believe that Canadian health care should not be viewed as a profit-making business are expressing strong opposition to the company's prescription of staff cutbacks and fee-for-service clinics for the financially troubled hospital. With other profit-oriented hospital management firms waiting in the wings, Ontario Liberal MP and party health critic Sheila Copps says, "We see this as the wedge to the door for private enterprise."

Since the start of public hospital and medical insurance in the 1950s and universal medicare in 1966, Canadians have grown comfortable with the existing system of government-controlled health care. Although there are still 61 private hospitals operating in Canada, virtually all of the remaining 1,352 are publicly funded and managed as nonprofit operations either by independent boards of directors or boards responsible to provincial health ministries.

But rising health expenses have begun to create doubts about the efficiency of Canada's wait health care system. The total cost of all health institutions in Canada, from 1976 to 1981, soared 75 per cent—from \$8 billion to about \$14 billion. The costs, overlaid with complaints about long hospital waiting lists and bed outbreaks, have led politicians to trumpet the need for more streamlined hospital management. As a result, the Ontario health ministry, for one, recently urged hospitals to initiate such fund-raising programs as Stress classes, and to raise additional money by

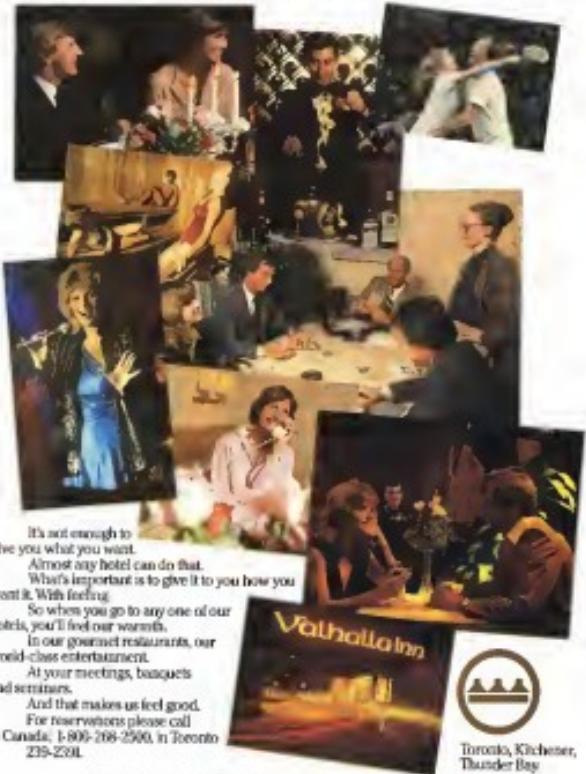


McLaughlin: keeping clinics and pursuing rentals

operations in 12 countries from Saudi Arabia to Australia. Not the least of AMI's inducements to the Hawkesbury board was an agreement to arrange a \$6-million loan needed for a planned new 110-bed hospital. "On my own, no bank was willing to lend us the money," said board Chairman Laurent Cayen. AMI will also try to reduce the hospital's annual operating budget of \$75 million by \$700,000 a year within three years and eliminate the yearly \$200,000 deficit. In return, AMI receives \$300,000 a year in fees and half of all savings beyond \$750,000. That arrangement, however, is not likely to produce large profits, said McLaughlin. "We are going to need at least one more hospital in break-even," he added. "There may be 10 or 25 hospitals in the country whose boards have all kinds of trouble. Now they have an alternative," said McLaughlin.

So far, no other AMI hospital contracts are pending, though the company says it is discussing the possibilities with a number of hospitals in Ontario and Alberta. AMI's plans have raised the concern of the Ontario Health Coalition and the Medical Reform Group of Ontario, which represents 200 doctors and 1,000 patients alarmed by the company's plans to cut staff at Hawkesbury by 10 per cent through attrition and to charge fees for each community service as a weight-loss clinic. "Privatization is a creeping process," says Dr. Peggy Capen, a reform group member. "Private hospitals in the United States charge patients for certain beds, Band-Aids and drugs, and the concern is that this could happen immediately here." The Canadian Union of Public Employees has also expressed fears that staff cutbacks would intensify an existing problem of hospital understaffing. "I think the Canadian public is right to be suspicious of the profit-making motive," says University of British Columbia health economist Robert Evans. "If the hospitals have trouble meeting debt payments, you could get them parking up rate hikes and therapeutic charges to make more money." Indeed, at one AMI hospital in Rock Hill, S.C., last year its

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patient charges rose 35 per cent.

Concerns about the health care consequences of such companies as AMI have been highlighted by an antitrust case before the U.S. Federal Trade Commission, which is investigating the suburban AMI, which already owns two hospitals in San Joaquin County, Calif., created the danger of a monopoly by buying a third one in the same area 3½ years ago. "Our complaint alleges that higher prices and lower quality of care could result," says Art Larson, assistant director of the FTC's bureau of competition.

Ontario Health Minister Larry Grossman does not see a danger in opening the door to AMI. "That FTC charge is only relevant in a jurisdiction that believes in competition between hospitals," says Grossman. "If [Hawthorndale] experiment shows taxpayers will be saving \$5 million a year without affecting patient care, it may be something to look at in other jurisdictions." Grossman's support of the profit motive is not surprising. Ontario's hospital deficit grew from \$3 billion in 1980 to \$10 billion in 1988. Both Ontario and British Columbia have no doubt the bill will be longer but cut the deficit automatically every year.

The private sector's biggest opportunity may be found in financing, constructing and operating new hospitals. Queen's General Hospital, a medium-sized institution is a wind-end Topeka subunit, is now negotiating as agreement with Ramboll Inc., a Toronto-based company that owns and operates nursing homes. Under the deal, the first of its kind in Canada, Ramboll would manage a proposed new 120-bed chronic-care wing of the hospital and also share in the financing.

At least one other multinational subsidiary, St. Louis-based HealthCare Canada Ltd., a unit of American Industrial Enterprises of Louisville, Ky., has entered the AMI. It is currently discussing management proposals with several hospitals in Ontario, British Columbia and Alberta.

Health experts say the measures for soaring hospital costs outside the spiralling price of medical supplies, constitute hospital bureaucracy and waste caused by long-standing may accrue to government purses. Paul Brown, executive vice-president of the Canadian Hospital Association, which represents 10 provincial hospital associations, recognises that the Canadian health establishment makes a negligible budget. He warns that if public hospitals want to escape the threat of being turned into private ones, they must develop their own money-making techniques and compensated management systems. Otherwise, it seems, the Hawthorndale experiment will only be the first. ☐

MEDIA WATCH

Winnipeg babble from the pundits

By George Bain



The most engaging pass is a bumper crop of high-fliers bumble-bee reported from Winnipeg on the unfolding of Jim Clark's win this bit from this canny correspondent of the new agency IFC. "One of the most pleasant figures of the convention has been a man who is neither a Tory nor an elected politician. The name of John Turner has been on the minds, if not the lips, of many of the 3,000 delegates.... One efficient newspaper headed a report of JAMES TURNER HAUNTS THE DELEGATES."

No editor seems to have been moved

by curiosity to ask for a follow-up to

explore by what frenzied process IFC

several get-approved client Tipos like

haunted Tangy mounds, there to find John Turner, silver hair and all, lurking in

the shadows.

Turner is not notably an edifying

trait. What made ingeniously here diag-

nosis was that it left a correspond-

ent blessed with extraordinary percep-

tiveness astounded at a time when

so many better-known analysts were

clearly making heavy weather of the

outcase of wise eyes and ears.

For instance, the Toronto Star's

widely syndicated columnist Richard Gwyn reported the day after the vote:

"The Conservatives don't know what

they want." And the next day: "The

most common perception by politi-

cians throughout the country is that the

new Conservative government doesn't

know what it wants. Astoundingly, this

isn't true. Most Conservatives know

perfectly well what they want."

That certainly seemed to swing all

the possibilities out of that. What the

Tories wanted, said Gwyn, was Blar-

gust Thatcher. But they couldn't have

her. Neither, probably, could they have

Bill Davis or Peter Lougheed, two other

objects of their affection he evidently

had overlooked in the rush earlier

in the soft malarkey. Margaret Thatcher

now abandoned, Lougheed had become

"The Conservative party's potential

ace and future king"—the addition of

"potential" to "ace and future"

made a nice touch—and its actual king-

ester" as influential was Lougheed, and

Gwyn, that he had attended and sup-

ported Clark, Clark would have won

easy because "many of those who

were against him did so hoping that

Lougheed would take his place."

Where that left us was contemplating Lougheed having to make up again the king he had already unmade by his absence in order to become the man and future king—a decision that the made-over Clark could make easier by unmaking himself by withdrawing.

Now was his single with Allan Pethersingham (writing for *Southam News*), who the day of the vote announced Clark people peddling a strange message: "It is that their man is likely to get an approval rating in the new 90s, perhaps even in the high 50 percentiles." Why? "By lowering the expectations... whatever Clark gets will look better.... You run into it most everywhere."

But here we are, in the presentness, where Val Scott (Toronto Star), among others, was reporting Clark aides saying that Clark would get 75 per cent of the eight per cent still undecided split the same way as those with their minds made up.

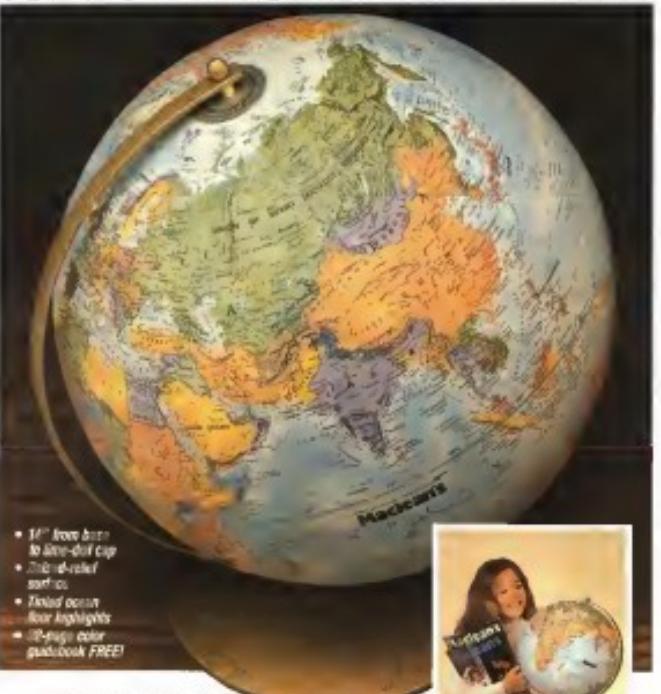
Pethersingham and his Southern colleagues, Charles Lynch, disagreed on the quality of Clark's speech before the vote—the first predictably finding it dreadful, the second great. Lynch had arrived in Winnipeg saying that "people who report Clark is on the ropes should be had up for gross misrepresentation." By voting day a note of caution had crept in. He left, saying: "The only way who can make sense of what the Conservative did is that they didn't want to be here." His Peter Lougheed

was not to be emulated. In the chattered press back together by declaring his candidacy. An obstacle that would need to be cleared before that could happen—a tear could almost be heard to drop—was the guy so recently so remote from being on the ropes.

The conservative middle was held by Michael Kirby (Globe and Mail) and Douglas Fisher (Toronto Sun). Fisher did a postconvention chart, rating the abilities of possible candidates to win the leadership, lead an Opposition, win as election, lead a government. Clark did well. So did Darcy McGee, former Ontario treasurer. So did Bill Davis—but by far, as Fisher's view, than Lougheed.

At one end of the spectrum of pundi-

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RCPM destroying largest marijuana haul, on Vancouver Island, in 1978. (Facing page)

JUSTICE

Trafficking in billions

By sifting through a maze of computer memory and arrest reports, the Royal Canadian Mounted Police were able to limit a report last week that spelled out the real economic muscle of the illicit drug trade. In a new study, *Narcotic Drug Intelligence Estimate*, the RCMP revealed that Canadians bought some \$8 billion worth of illegal drugs, including cocaine, marijuana, hashish and amphetamines. In 1981, indeed, the black-market drug trade outstripped Canadian sales of beer, wine and liquor, which totalled \$6 billion.

RCMP's Council on Drug Abuse, says, "Our society is too damn tolerant."

The RCMP admits that it is waging a losing battle against drug traffickers. Every year antidrug squads seize only about \$5 million worth of street drugs, representing a mere five per cent of the total. Part of the problem, suggests Stander, is that, although the RCMP's drug enforcement branch employs 830 full-time officers and has an annual budget of \$80 million, it cannot investigate every major-league drug network. "It's a cat-and-mouse game," says RCMP Insp. Richard Dickens.

To crack down on the major players in the illegal narcotics network, the RCMP last year launched the Anticrime Profiling Program (APP), aimed at seizing the financial assets of the seemingly respectable financiers who bankroll drug shipments. Between 1981 and 1983 police seized more than \$645,361 from major Canadian operators—money that led to several of the 42,000 seizures under the Narcotics Control Act that were handed down in 1981. "It's difficult to nail the big operators," explains Dickens, "because they involve themselves from the drugs." Prosecution lawyers, he adds, also find it almost impossible to prove that the seized assets were obtained illegally, further hampering the APP. Until more policies at the top are disengaged from drug profiteering, Dickens says, the illegal drug trade and the vast hidden economy that it creates will continue to flourish.

—CAROL BREWER is Toronto

SCIENCE

Mars rocks on Earth?

In 1976 U.S. planetary scientists staged two successful Viking spacecraft landings on Mars. The unmanned craft took photos and probed the Martian soil and atmosphere, but researchers still lacked a physical sample of the solar system's most Earth-like planet. Now, in a fortuitous coincidence, a chunk of the red planet may have landed on Earth. Researchers at the National Aeronautics and Space Administration's Johnson Space Center in Houston now feel they have strong evidence that an 8-kilogram meteorite ("ERAT79005") found in Antarctica in 1980 may, in fact, be a rock thrown from Mars by the impact of a comet or an asteroid 180 million years ago.

The discovery will not only offer important clues to the balance of minerals and gases and the potential for life on Mars, but for the first time scientists may be able to identify the exact origin of a meteorite. In the past most of the meteorites that have hit Earth were believed to be debris from the formation of the solar system 4.6 billion years ago.

Researchers first considered the Martian theory when laboratory tests revealed that the greenish-brown basalts rock had crystallized during volcanic activity only 1.2 billion years ago—not more than three billion years later than most known meteorites. As well, Johnson Space Center planetary scientist Donald Bogard, a member of the analysis team, says that the ratios of trapped gases in the meteorite, such as helium, argon and xenon, are similar to those identified by the Viking mission. The scientists also think that they have explained the most troublesome issue—how an ejected rock could escape Mars's gravitational pull. They theorize that the impact of a large object striking the planet's surface would vaporize and explode deep permafrost, giving added propulsion to any loosened material that might fly off. Streams of dark, glasslike material in the rock appear to suggest just such an explosive shock.

NASA scientists are excitedly examining seven other similar meteorites and one possible lunar fragment in their earthbound quest for answers. As for the origin of 79005, NASA's Michael Duke, for one, has no doubt. "I am convinced," he declares, "that this rock came from Mars."

—THOMAS THICKSTON in Ottawa

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And the fans slumber on

By Trent Frayne

There is nothing wrong with Soeder's annual all-star game that an all-starities blacks—
or 26 more Wayne Gretzky's, provided at least two of them are goalies—
won't care.

The 16th all-star game seems as gregarious for onrugs in the Nassau Veterans' Memorial Coliseum on Long Island the other night, and, honestly folks, talk about confusion! Let's see, the guys in the orange shirts were the Clarence Campbell Conference, no, the guys in the white were the Campbells, the guys in the stripes were the Smythe Division, which during the regular season has up with the H. Ballard Conference to form the Hartford Whalers—or something.

To begin at the beginning, what virtually nobody can remember is that the two conferences in the NHL are called the Prince of Wales and the Clarence B. Campbell. And, as few people know (or give a damn), the four divisions of the two conferences are the James Norris, the Lester Patrick, the Conn Smythe and the Jack Adams—oops—the Charlie F. Adams Division. The problem is that the names contribute nothing to the identity of the teams that comprise them, and accordingly nobody really knows who is hell in playing for whom in the annual game. This removes the competitive, emotional and dramatic factors, though it does help sleep.

Geographically, the names mean nothing, and on the grassroots level where most fans are, they're as anonymous as seasonal apparel. The hockey figures whose names ought to be remembered are the ones belonging to the greatest players, but every time the ten or so governors sit down to name a division or a trophy they choose a fellow started dying.

Does each season's scoring champion win, like the Becker/Richard Trophy? No, the Art Ross is the most valuable player award named for Gordie Howe? No, for David A. Hart, father of one Geoff Hart who coaches the Canadiens in Howe's former town (speaking of whom, is there a Howe/Mercer Trophy? He is the Pope Japanese?)? The last goes on. The only exception is Georges Vezina, the Chikineau Cup, which was played for the rouge Rose of the Stanley Cup winners. God knows how he got his name on the goalie's cup, as to speak.

So the names of the fat cats have got

to go. And emotion and competition have got to be exerted. When these ingredients are removed from hockey exhibitions, what you get are the Soer Polies with lousy costumes. Worse than that—no wusses.

Apart from Gretzky's four goals the other night the only real interest for the Long Island customers was the appearance of Mike Bossy or Denis Potvin or some other local hero. Otherwise, the fans mostly nodded off—though don't get the notion that these fans aren't emotional. Your agent recalls an illustrative Stanley Cup playoff a couple of springs ago between the Isles and the Edmonton Oilers.

Back then the press gallery was right up under the smothered roof, actually it was the last row of seats in the building. In front were the long rows of fans, and on this night two years ago four of the fans were two guys and their wives who came prepared. The guys carried a hamper of sandwiches and a hamper of beer. One woman brought a horn, and the other woman, her knitting. She sat down when she arrived, took out the knitting and never looked up all night.

But her husband was a noisy guy who knew everybody, talked to people by name, waved expansively and grinned. He had a voice like the Queen Mary's

HE SAID IT'S HE PRODUCED

THESE ALL MISSING ONE ANOTHER SHOULD THEY END UP ABOUT THE EYES
THEY WHILE THEM GOING AND WHEN THEY DON'T
FRIENDS ONE ANOTHER
GOOD LORD THEY'RE
ADDRESSING AND DOING
IT ON THE ICE
WILLIAMS THALIAN IN
ALL THIS DAIRY
HOGIN
GIBSON



horn. "Hey," this guy would say over and over, "Let's go Islanders!" He seldom shot up as his beloved Isles got in front, 3-0.

Then the Oilers banged on a goal, and he frowned. Raising his arm school across the big rink, "Isles, Islanders, let's go, already!" But just before the period ended Gretzky nosedled inside the defense and banged in a rebound to tie the game.

The fan got to his feet, silent, impulsive, staring at the Islander net where the red light glowed. He raised his hands and opened his knees. "Hey, Islanders, yet god-damn! You hear me? god-damn! That's it. He sat down and opened another beer.

The notion here is that this guy and thousands like him were tased in the other night, hopeful of being entertained. But there can never be the emotional involvement or viscosity the fans care about as long as the annual game is a match-up between two practically invincible conferences.

What should be done, short of abandoning this bore altogether, is to return the game to the format employed for all-star games before expansion put regions all over half its half-area. In those pre-expansion times the Stanley Cup was matched against a side selected by fans from the other five towns in the NHL's tiny before. The game was played in the home rink of the Stanley Cuppers. The fans got into the locker room and the local heroes to ogle, and the folks at home identified with their own heroes and had about-in-villages, too, cheering. Dugout team Emotional involvement and competition and an obvious rivalry, right?

The tasteless ingrediants could be requested another s.s., perhaps knowing even more reasons for fans to whoop and holler. The suggestion was set forth for your agent, the other day by Gordie Howe, as all-time all-star, who was en route to visit his dad in Saskatoon. "Talk about all-stars," Gordie said, "We're just turned 99."

What Howe suggests is a game between Canadian and U.S.-based teams. At first glance such a match-up looks as ridiculous in terms of U.S. teams, since they outnumber Canadians entries by 14 teams to seven. More than that, the top three teams currently are Boston, Philadelphia and Chicago. Indicating that the teams have quality and quantity favoring them. As it happens, though, a man named Gretzky is based north of the border. Spoken so



Nant, Gibson: an unusual, overwhelming performance

FILMS

Foreign affairs

THE YEAR OF LIVING
DANGEROUSLY
Directed by Peter Weir

Linda Hunt's performance as the Christensen-Cuban dwarf Billy Kwan in *The Year of Living Dangerously* is one of the most unusual ever seen—erses a woman playing a man without resorting to any comic aids. But beyond the oddity, the portrayal is also overwhelming in its pageantry. A photogallery with the best diplomatic connections in President Arnhem Soekarno's Indonesia in 1965, Kwan knows he can eat viruses and recover information that other journalists cannot, because reporters "aren't afraid of death." Talking to great Australian journalist Gavan O'Malley (Gibson), under his wing, he finds his words contacts and has an answer for virtually everything through him. He even arranges for the慷慨的 Hanuman to have an affair with Bill Bryant (Supernova Weaver), a British beauty attached to the embassy.

Although Kwan intellectually understands his physical limitations, he can-

not always cope with them emotionally. He knows his life will probably always be touched by sadness, so he delivers aphorisms to stave off the wolf of blood and culture, he feels "one game at home in the world" and develops his own sense of inadequacy by focusing on the pain and poverty of Southeast Asia. A gesture from Tolstoy—"When there is no love, there is no man"—marks him because, for Kwan, acknowledging his inabilities and saying there is not much one person can do is not good enough. For his own part, he supports an Indonesian woman and her child and desperately hopes Soekarno's regime will act as some kind of panacea to Redness's ills. When Sakarno proves to be an uncharming monarchist, and Kwan's protégé, Hanuman, betrays him, Kwan is crushed. His world crumbling, he sits in his cabin, weeping, holding tight to a picture of Soekarno's daughter, First Lady Farah Pahlavi. "Last Second," he says.

In a tiny, half-crusade, he asks, "What then must we do?" It is in one of those extraordinarily moving moments audiences will remember for years.

A serious, rarely written film, *The Year of Living Dangerously* is part esoteric drama—tearjerker, Gibson and Weaver are like a pair of fist and a switch—and part political melodrama. Both of these modes sometimes get in the way of Kwan's story, and director Peter Weir (Gibson) has trouble keeping all the narratives in line. He also lingers too long over the effects he creates. The movie simply is not tight enough. Weir dallies over atmosphere details, which would have been asserted earlier in such an exotic location.

But in the end, including the Climax of Five Days in May, the final scenes of *Year* are admirably clear-cut, if only for clarity of the subject at hand. The film depicts the agonies behind a story, getting a story, but most of all, through Geoff Hart's experienced performances, it is a lament for the betrayed or betrayed by people. It suggests that living dangerously restricts itself to no particular year. —LAWRENCE O'FARRELL

When honesty is the dullest policy

LEAHNA Directed by John Sayles

With *Leahna*, writer-director John Sayles makes the crucial mistake of thinking that an interesting problem will make dull people do interesting. Leahna (Linda Griffiths) is so dull she could well be a gopher girl to stay that way, but "spectacular" is not necessarily the word. Married to a mother, she discovers that she is a lesbian. Fresh-faced and slightly naive, she is viewed by her husband as being little better than domestic help who tries to impress herself by completing her degree in child psychology at night school, where she finds advice to her teacher, Ruth (Jane Halloran), the most sensible who has yet to appear on the screen. Leahna's husband, Jim (David Morris), a film professor, is such an unfeeling tycoon that Leahna seems to have two choices: become a lesbian or run away.

Low-budget and looking it, *Leahna* is the type of underaking that people are moved to apply faintly honest. And honest it may be, but *John Sayles* (*The Return of the Seven*) tends to stretch out even all the way to next week. After Leahna has been kicked out of her house by Gangsta Khan and sold her car to pay Ruth's tuition, there is an extremely long, extremely slow, extremely lifeless scene in which a camera follows a car, as the camera fixes on her blank face for what seems like an eternity. The ridiculous length of the shot makes only one thing the director has run out of: gas.

When he is being playful, as in his script for *The Howling and Alejandro*, Sayles shows a producer's joy in deflating the costly series. He does that here by showing the absurd pretensions of amateur life: one of her husband's students comes to Leahna at a party with a running account of her thesis subject, Andre Marphy. And he does it when Leahna's smart 15-year-old kid, Spencer (Sammy Jackson), returns after staying away from her. "So my old lady's a dyke?" But when Sayles gets serious, he loses all touch with his audience. "I really wanted you," says Ruth. "I'm Diane's regular." I'm glad.

The actress Linda, who is particularly Linda Griffiths, shows a more pronounced bent than a dramatic one. And as her best moment, the characters might not have been such dandies —and the movie no less serious. Though Leahna is meant to be seen as a brashly emerging from a chrysalis, the scenes operate no wings. —L. O'F.

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Demand (left). *Kathy*: questioning the oppressive rules of military training

The sadistic side of ritual

THE LORDS OF DISCIPLINE
Directed by Francis Ford Coppola

Sadistically made and brutalizing as no-fucks approach. *The Lords of Discipline* works quite well as first-rate suspenseful entertainment. And these days that is a high compliment. Set in a South Carolina military academy during the early 1950s, the film dramatizes some of the more sadistic practices in the school and questions the value of its self-made-you-must-succeed tactic. Will (David Keith), a fourth-year student about to graduate, is beginning to have misgivings about the way the military education affects emotionally. His thoughts, arising from his own miserable experiences during his first year at the academy, he remembers someone who had failed him and helped him through the ordeal. The guardian angel is a tough but tender, cigar-smoking colonel called The Bear (Robert Prosky), this year's alternate to Lou Gossett Jr.'s tough-but-tender drill sergeant of last year's *An Officer and a Gentleman*.

As he watches just how cruel the students are capable of being to anyone who does not fit the mould, Will begins to scoff at the school's notion of producing "the superior breed of man." In Hell Night, when the older students inflict various forms of torture and degradation on the newcomers, or *rookies*, Will is not tempted to take part. The next morning a nervous, fat boy, who has been tormented by a severe society called The Tea, plagues to his death, ostensibly of his own accord. When Will

is put in charge of watching over the welfare of the school's first black student (Mark Ireland), who is tortured and beaten, his misgivings are amplified, and Will himself becomes a target of the biggest, sadisticiest society's rituals.

Will is, of course, the governing theme in military training; it is the ritual that takes away individual spirit and leads to conformity. Seen, as it often is in religion, the means of visual control are used to characterize. Director Francis Ford Coppola, however, is visually and rhythmically the photogenic equivalent at the same time dispensing insights against it. With this in mind, the movie's anti-prejudice and antiapparition stance will probably be seen as virtuous—though it is rather conveniently set in the past, sparing itself the burden of having to deal with immediate issues.

The real virtue of *The Lords of Discipline*, however, is its craft, exemplified by David Keith's performance as Will. A relative newcomer to the movies, Keith already has an impressive track record, ranging from the redneck villain in *The Great Scream* to the tragically naive friend of Richard Gere in *An Officer and a Gentleman*. This is his first starring role, and he carries the movie easily with his unfeted, likable, homespun manner, not unlike that of Gary Cooper or Henry Fonda. His nationalism is reassuring, as it is in the current *Independence Day*, and the audience believes in him. Without his credible hero, *The Lords of Discipline* would merely be a well-executed drill.

—L.C.T.

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rich colors from Capri to Caprice. Giarino, who began the episode with "spectacularly cheap and pleasant make-up," sets foot on dry land 400 miles later with her mastectomy and nipples just right. That, if the title is anything to go by, is what the book is all about.

While Sagan does accept responsibility for her need of silliness and permissiveness, she cannot be entirely blamed for its foible prose. As served by translator Lee Fahnestock, *The Promised Land* is overwritten in the extreme. Nothing is ever said simply. Few things are even said understandably. "They were headed everywhere together... they had ever since the cocktail party on arrival seen such appointments... ever since he had seen her, staggering and ridiculous, grotesque in her garish makeup, leaning without confidence on the arm of her non-handicapped husband."

Norman Mailer once remarked that a writer encounters a problem in "getting someone out of the room when there's something false about the scene." *The Promised Land*, rich with clunky entrances, artless exits and unconvincing exits, is a novel of characters who can never get believability in and out of the rooms they inhabit. Françoise Sagan encountered the user-length problem of getting passengers believably on and believably off the *Nassau* because there is something surely false about the entire scenario.

—DAVID MACPHERLAIN

THEATRE

Old grit, new profundity



Pippa and Trevor: documentary realism glorified into absurdist black comedy

MOVING

By David Foenkinos
Directed by Simon McBurney

A recurring theme in all forms of art is that universal truths are often best expressed through closely observed particulars. David Foenkinos's work, for example, brings into focus some of the anglophone working-class population of Montreal's Pointe St Charles. But until now, that vision was an end in itself without encompassing more profound realization. However, in *Moving*, which opened earlier this month at Montreal's Canadian Theatre, Foenkinos's craft acquires certain dimensions that transform it into art.

The precise dimension that Foenkinos has added is not apparent at the outset of the play. The rocky squalor of life in the Pointe sells. The Wilson family is in a state of domestic squalor after moving house, especially added to Mrs. Wilson's alcoholism, maniacally glorified in a synecdoche of inappropriate accents by Jennifer Pharr. A house-warming-cum-birthday party for her colleague, see, Jenny (Robert King), who is given to Beaudelaire-like musings on the innocent root and wild life of French-Canadian feminism (different), Foenkinos (*Miriam Cyr*), turns into a family brawl. His focus is the son-in-law, Richard (magnificently portrayed by Dennis O'Connor), a French-Canadian cop who ejects himself from the fraternalities after skewing law and order down the amorphous Wilsons' throat.

As the play evolves, it becomes clear that the sentimental racial divide of Foenkinos's last work, *Balovore*, has been replaced by visceral politics. Foenkinos and Richard are polar opposites, spitting out the tensions of contemporary Quebec Ma et Pa (Goeffrey Brewster) Wilson are imprisoned in a marriage that their children seem fated to continue; they are all mere witnesses to the ancient war between an oppressive Parti Québécois government and working people. Foenkinos's Marché directs rage at the outcome, however, when Jenny joins protesters in the streets and dies in a riot. The Wilsons' march toward a glorious socialist future. But driving that realization is a powerful dramatic confrontation. As the riot begins, Richard bursts in and brandishes his revolver, warning them not to join in, but Ma orders him to put it away. Foenkinos's heightened understanding erases the stereotypes of Anglo aristocracy—the incarnation of the sociopolitical shadows Quebec has fought so hard to cast off—changes the policemen into a harbinger of social change. The moment is rich in irony and poise, a rite of passage for both play and playwright.

Foenkinos has also stretched his usual documentary realms into absurdist black comedy, and director Simon McBurney has wisely let the cast run wild. Irritating, engaging, melodic, acerbic and utterly real, *Moving* provides a striking redefinition of life in Quebec and one playwright's inquiry into the nature of his art.

—MARK CHAMBERS

MACLEAN'S BEST-SELLER LIST

- Fiction
- 1 *2006 Odyssey Two, Clock* (U)
- 2 *Space Macbeth* (U)
- 3 *Master of the Game*, Sheldon (U)
- 4 *Different Dimensions*, King (U)
- 5 *Fascination's Edification* (U)
- 6 *Leviathan's Lycanthre* (U)
- 7 *The Promised Land*, Sagan (U)
- 8 *The Moon of Jupiter*, Murray (U)
- 9 *The Prodigious Daughter*, Archer (U)
- 10 *The Valley of Horrors*, Arvel (U)

Nonfiction

- 1 *Giving An Intimate Portrait of the Liberal Party*, McColl-Normand (U)
- 2 *The Established Man: A Portrait of Why We Act Like Canadians*, Rivers (U)
- 4 *Malice in Blunderland*, Fetherston (U)
- 5 *Beavers and Bell in the Sun*, Johnson-Pruett (U)
- 6 *And More* by Andy Rooney, Rooney (U)
- 7 *Towers of Gold, Feet of Clay*, Sherrill (U)
- 8 *Grapes, Curry* (U)
- 9 *The Successor's Apprentices*, Foster (U)
- 10 *None Is Too Many*, Abdella and Zepher (U)
- 11 *Portions Not Cook*



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The book that never was

By Alain Fotheringham

Everything in the world is summarized—McLuhan's global village—starts with each pair. Klaus Bartho intrudes on our personal lives 20 years after he disappeared.

Tom Arliss was a good and resourceful reporter for *The Vancouver Sun* in its golden years in the 1920s when it was run by Jewish, eccentric tycoons like the Maxine Cronin brothers. Annie Stakas, the football dad, was sent to cover the impending world war in Germany and Matsui off the coast of China—taking care to have his pictures taken in a favela on the coast of English Bay first. Marie Moreau, the fashion editor, was sent to interview Fidel Castro in Cuba. Circumstances gave even Cadillac convertibles, rolled onto a nightclub stage at Christmas parties, and reporters rented bulldozers to block the road against opposition parties while fleeing in photos in the story of made Doubletree women burning down their houses.

Arliss, at all good reporters want to do, aspired to become an author. He did a spell as special assistant to the governor of Georgia, lived in Mexico and toured out a series of the Gila based on a Board-like watercracker who often bore a key resemblance to Tom. Arliss Hollywood brought his book, called *Kangaroo in Coming*, and, being Hollywood, returned it. Russell Routhie before Elton H. is Vancouver. George Segal was the star, and down town Vancouver traffic turned into a festive mobius edge when the dramatic scene—a gondola carried on across the steeply pitched gables copper roof of the Hotel Vancouver—culminated in the curtain's body planking backstop to the town's only elegant street.

This was 1974, and the Hollywood crew thought they were on the edge of a new wave. It was called drugs. Arliss, as consultant on the film, was embarrassed and winging out with stories attempting to rescue his baby from smugglers and mafiosities. In this circus of rounders, pushers and grifters, Alain Fotheringham, a column for *Southam News*,

attracted to the making of a movie, he was introduced to Barry Wilson, a member of the Vancouver underworld who was a retired jeweler.

Wilson had a goofy, implausible personality. He claimed to be in contact with the Butcher of Lyons, one Klaus Bartho, the last known remaining Nazi war criminal, living openly in Bolivia. He said Bartho was willing to tell his life story for \$50,000. Al Wilson wanted "a writer with balls." Arliss, at a high with his movie career, was certainly that. He approached his old partner, but the editor, cancer about his

Arldis and Wilson flew down Vancouver to La Paz with Pettition's money. The Barbois camp closed the cameras. It was, Arliss recalls now, somewhat like "Tunisia on a mountaintop." They met Bartho in the home of a minor government functionary. Arliss was surprised at the casual nature of the encounter. There were no bodyguards. No one was frisked. "If I wanted to kill him, I could have," he says. Bartho was 82, in good health. He still ate well to be worried about danger. The then Bolivian government not only tolerated but obviously condoned him.

They spent three days dickerling. Basically all they got, in return for the \$50,000, was another unuseful press clipping (the wonders in retrospect, how often Bartho "sold" his novellas, built at the bodies of dead French children, to other cheapbook journalists). Arliss flew to New York to negotiate with Doubleday. By this time he was strong enough, by his estimates, by the oxygen tank of the La Paz altitude. He could not function "I was," he remembers with the rue that can only be experienced by writers who have screwed up a "the wrong person at the wrong time." He, however, rationalized himself. "If I wasn't crazy I would never have had the guts to fly to Bolivia. The problem is that I was too easily to finish the story."

Doubleday could make no sense of it all. Arliss and Wilson fell to scrapping over the manuscript. Wilson wanting to eat it. Pettition. They parted company. Today, Arliss is in Palm Springs, Calif., in an advertising and public relations agency. Barry Wilson, in his latest appearance, turned up as the ghostwriter of a sordid book supposedly written by Wendy King, the prostitute who brought down B.C. Supreme Court Justice Eric E. Davis. Davis fell by falsely incriminating him in a sexbook as a client who turned out to be a "practical pier" who was a former Fusion law partner and thought it would be fat to give Fusion's name. Jimmy Pattison, is now chairman of Vancouver's 1986 Expo world fair. And Bartho is in Lyons. Where he belongs.



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